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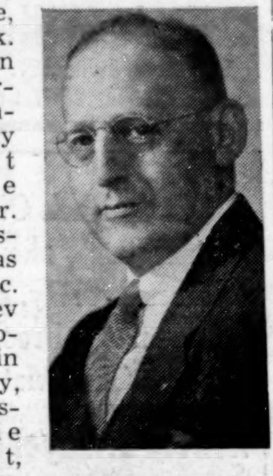
Alfred Marchev Heads Republic Aviation Corporation

Alfred Marchev on September 1st will succeed Ralph S. Damon as President of Republic Aviation Corporation, Farmingdale, New York. The election of Mr. Marchev was announced July 21, 1943, at the same time Mr. Damon's resignation was made public. Mr. Marchev joined Republic Aviation in February, 1942, as assistant to the President, later becoming Vice-President and General Manager. Early this year he was elected to the board of directors and on June 1 was appointed Executive Vice-President in charge of all operations of the company.



Alfred Marchev

Special editorial material pertaining to SAVINGS and LOAN ASSOCIATIONS starts on page 414. The State of Minnesota is featured this week.

For index see page 423.

President Cannot Commit U. S. To Post-War International Bank

Constitutional Amendment Required, Says Dr. Spahr Treaty Making Powers and Responsibility of Congress Under Constitution To Fix Value of Our Money

With respect to the discussions of the Keynes, Canadian, and Treasury currency stabilization plans embodying provision for a post-war international bank, attention is drawn by Prof. Walter E. Spahr, Professor of Economics of New York University, to the fact that little cognizance has been accorded the propriety of the United States to participate in such international banking plan without amending our Constitution.

In taking up the issue, Prof. Spahr submits provisions of the Constitution bearing on the treaty-making powers, and at the same time quotes from the "Congressional Record" recent debates thereon in Congress.

Dr. Walter E. Spahr

The Congressional debates cited by Prof. Spahr were those between Senators Vandenberg and Connally regarding "the extent to which the State Department is entitled to go in making commitments by agreement, rather than by treaty." In the debate the view was expressed by Senator Connally, in reply to a specific question by Senator Vandenberg, that "categorically, I should say, of course, that the State Department, and no one else other than the President of the United States, with ratification by the Senate, can bind the Government of the United States

(Continued on page 412)

The Stock Market Outlook And Investment Policy

Sees Market As Completing Three-Quarters Of Possible Distance Between War Market High and Low Urges Caution In Handling Investments

Dr. W. F. Edwards, economist with Naess and Cummings, speaking before a meeting of the New York Society of Security Analysts, on the stock market outlook and investment policy, declared:

In supervising the investment of funds in common stocks, our problem is much broader than attempting to forecast the movement of prices and then invest as though our forecast would be correct. Generally, we can anchor our judgment quite solidly to basic economic conditions; and this gives us confidence in our longer-term point of view. The problem is different during the war period. We must base our opinions of stock market probabilities more upon possible extraneous and intangible considerations. After the long decline from early 1940 through 1941 had made the market replete with investment bargains, the risk of loss was small, the possibilities for appreciation were substantial; the average yield was high, and we could

Dr. Wm. Edwards

(Continued on page 413)

Proposed Rule X-3A12-4

This proposed rule represents another milestone on the road which the Securities & Exchange Commission has travelled in recent years. The Commission's attitude towards the whole problem of exchange trading versus over-the-counter trading has undergone gradual modification since the middle 1930's. During the early years of the SEC, the investigations of this problem which had taken place in connection with the writing of the 1934 Act, and its subsequent amendment, were fresh in the minds of the Commissioners, and they were keenly aware of the intent of the Act.

The original Securities Exchange Act of 1934 provided for the termination of unlisted trading privileges on exchanges, and these privileges were to expire June 1, 1936. However, after investigation by the SEC, this portion of the Act was modified so as to permit continuance of unlisted trading privileges and the admission of additional securities to this status, but only under carefully circumscribed conditions. During the years following the amendment of the 1934 Act there were few admissions to unlisted trading privileges as the members of the Commission were at that time quite conscious of the doubtful nature of the unlisted trading privilege device, and the injury to the investing public which resulted from exchange trading in issues not suited to an auction market.

With the passage of time, and with changes in the personnel of the Commission, the SEC's attitude towards this

(Continued on page 410)

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Managing A Business For Stockholders Through The Vicissitudes Of Inflation

A well-informed management is the best hedge a corporation or its stockholders have against inflation and the deflation readjustments that follow. The management should have a full knowledge of what to expect and a flexible program constantly in the processes of readjustment to meet changing economic and political conditions and expectations. With a thorough knowledge of inflation and deflation conditions, and their effects upon business and finance the management and investor can prepare a blueprint for a flexible policy.

With the foregoing in mind Dr. Ivan Wright, Professor of Economics, Brooklyn College, wrote his article, "Managing a Business for Stockholders Through the Vicissitudes of Inflation," which appeared in "The Chronicle" of July 8. As was to be expected, numerous comments have come to hand regarding the views and conclusions drawn by Dr. Wright in this excellent article. Some of these comments were given in our July 15 and July 22 issues and others that can be accommodated in this issue are given herewith:

HON. ALF M. LANDON
Topeka

Dear Dr. Wright:

You certainly swing some pretty hefty haymakers at the popular conception of hedges against inflation.

Alf M. Landon

It is a very illuminating article of the policies a corporation or individual should follow.

I would appreciate it if you would find the time to write me briefly of the policies you think Government should follow.

I agree with "removing the conditions which create these unsocial characters is most difficult." Therefore what should Government be doing now to prevent their creation?

Editor's Note: Dr. Wright's reply to Mr. Landon's letter follows:

My dear Mr. Landon:

I thank you for your very good letter of the 13th re. my article in the "Commercial and Financial Chronicle" of the 8th.

In reply to your questions as to what policies I think the Government should follow, and what the Government should be doing to prevent the creation of these unsocial conditions, I am afraid it is now a situation of unscrambling the egg or locking the barn after the horse has been stolen. Nevertheless, we cannot turn back and undo what has been done, but accepting conditions as they are, I would recommend that everything possible be done to restore confidence in individual initiative, private enterprise and the profit motive.

(1) The Government should make it clear that we will maintain sound money; the gold standard will be restored and there will be no fictitious money and credit inflation any longer than we can drain them out of our system and get back to sound money and credit conditions.

(2) Every dollar of debt will be paid and any one who buys a Government bond and holds it until maturity will receive payment in honest dollars.

(3) All Government costs not absolutely necessary should be eliminated and the costs of the war held down to the maximum efficiency.

(4) Wages and prices should be absolutely frozen at fair and equitable levels for the duration and through the period of stabilization.

(5)The tax system should be revised to drain off a larger part of the excess purchasing power flowing to war labor, Government employees, farmers and businesses directly and indirectly profiting by the war spending.

(6) The additional bond sales should be to investors and not to banks. The present large holdings of short-term bonds in the banks should be refinanced into long-term investments and sold to investors.

(7) A strong organization of experienced financial men should be set up to cooperate with the

(Continued on page 418)

O. J. Troster Receives Promotion In Army

Colonel Oliver J. Troster, who came out of World War I as a Lieutenant-Colonel was promoted to the grade of Colonel effective July 10, 1943. He was also promoted from Deputy Chief to Chief of the Movements Branch, Mobilization Division, Headquarters, Army Service Forces. Effective as of July 18, 1943, Colonel Troster was detailed as a member of the General Staff Corps.

Col. Oliver J. Troster

Colonel Troster is senior member of Troster, Currie & Summers, New York, but is on leave for the duration.

C. H. Staples Returns To Business In L. A.

LOS ANGELES, Calif.—Clarence H. Staples has returned to Los Angeles to open offices in the Banks-Huntley Building as securities regulation consultant in association with the Frank J. Meehan organization of New York. Mr. Staples has for some years been associated with the Securities and Exchange Commission and the National Association of Securities Dealers, Inc. Prior to joining the SEC, Mr. Staples was associated with the securities field for many years. After entering the business in 1926 with Bond, Goodwin & Tucker, he was with William R. Staats Co., a partner in F. E. Harris & Co. and later was connected with other firms.

N. Y. Title and Mtge. Ctfs. Series C-2 Interesting

Seligman, Lubetkin & Co., Inc, 41 Broad Street, New York City, have prepared an analysis of series C-2 first mortgage certificates originally issued and guaranteed by New York Title & Mortgage Co.

Copies of this analysis may be had from Seligman, Lubetkin & Co. upon request.

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Seaboard Reorganization Possibilities Interesting

L. H. Rothchild & Co., 120 Broadway, New York City, have prepared a study of Seaboard Air Line, which they believe is especially timely in view of the final report of the Special Master's plan for reorganization of Seaboard. Copies of this interesting study may be had upon request from L. H. Rothchild & Co.

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J. H. Evans Opens Own Firm In St. Paul

(Special to The Financial Chronicle)

ST. PAUL, Minn.—James H. Evans has formed James H. Evans & Co. with offices in the First National Bank Building, to deal in state and municipal bonds. Mr. Evans has been associated with R. E. Crummer & Co. and the Brown Crummer Co. and Stanley Gates & Co. for many years.

FIC Banks Place Debs.

An offering of $35,130,000 consolidated debentures of the Federal Intermediate Credit Banks was made July 19, at par, by Charles R. Dunn, New York, fiscal agent for the banks. The offering consisted of two issues, viz.: $11,120,000 0.70%, due Feb. 1, 1944, and $24,010,000 0.80%, due May 1, 1944. Both issues are dated Aug. 2, 1943. Of the proceeds from the sale of the debentures, $31,105,000 will be used to pay off a like amount of maturing issues due Aug. 2, 1943, and the balance is for new capital purposes. At the close of business Aug. 2, 1943, the banks will have a total of $297,150,000 debentures outstanding.

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Wm. Neacy Now With Harriman Ripley Co.

William P. Neacy is now associated with Harriman Ripley & Co., Inc., 63 Wall Street, New York City, in its United States Government Bond Department.

William P. Neacy

Mr. Neacy was formerly a partner in Hoffman & Neacy and prior thereto conducted business under the firm name of William P. Neacy & Co. In the past he was a partner in Charles E. Quincey & Co., was with C. F. Childs & Co., the National City Company, and Bancamerica-Blair Corporation.

Stern, Lauer Co To Admit Henry D. Talbot

Henry D. Talbot will become a partner in Stern, Lauer & Co., 30 Pine Street, New York City, members of the New York Stock Exchange, as of August 1st. Mr. Talbot in the past was a partner in Bendix, Luitweiler & Co. and its predecessor firms and held membership in the New York Exchange. He will act as alternate on the floor of the Exchange for Richard P. Limburg, another partner in Stern, Lauer & Co.

Attractive Situations

Blair F. Claybaugh & Co., 72 Wall Street, New York City, members of the Philadelphia Stock Exchange, have prepared interesting circulars on Ft. Dodge, Des Moines & Southern Railway (4s of 1991 and common), Utica & Mohawk Valley Railway (4½s of 1941), and Consolidated Dearborn (common), which the firm believes offer attractive possibilities at current levels. Copies of these circulars may be had upon request from Blair F. Claybaugh & Co.

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Glenn Munn Sees Upward Pattern Of Market Now Broken

Says Market Acting In Logical Sequence

According to a discussion of the current market situation prepared by Glenn G. Munn, economist of Paine, Webber, Jackson & Curtis, 25 Broad Street, New York City, members of the New York Stock Exchange, the upward pattern of the market for the past 14½ months is now broken, a logical sequence of the news concerning Italy. The future course of the war and the possible action of the market in "discounting" the transition from a war to a peace-time economy are surveyed. Mr. Munn's full remarks on the subject follow:

"It is now clear that the pattern of the market which had been upward for 14½ months is now broken. It is probable that the July 14 closing high in the industrial average at 145.82 will prove to be the high for some time to come. This is a logical sequence of the news concerning Italy which broke Monday morning. The elimination of Italy, assuming that to be a nearby accomplishment, constitutes an important step toward the liquidation of the European phase of the war. There are several competent observers who believe that the European hostilities may end in the next three to six months. This writer concurs with that opinion.

"Since the market has been discounting ultimate victory for nearly 15 months and never discounts the same thing twice over, what is now happening represents the market's time-honored function of 'selling on the good news'—this time being a presumption of the good news which is still some time off.

"At some later time the market can begin to discount the transition from a war to a peace-time economy which will bring the post-war activity that commentators have been discussing for the past six to nine months. Sooner or later certain stocks will begin to stand out for their greater-than-average peace-time promise. Individual stocks will even record new highs later this year just as Wilson preferred did yesterday and today. It is not our opinion that a deep bear market is in the offing. Tentatively, we would rather consider that the intermediate trend has been reversed and before it is over the D-J industrial average may lose as much as one-third of its 14½-month advance. This advance amounted to 53 points. A surrender of one-third of this amount, or about 18 points, would bring the average to approximately 128. But this is a level to be looked for as the end of the intermediate move downward after two or three months have elapsed from the July 14, 1943 high. Already, at yesterday's close, 40% of these 18 points had been wiped out. Obviously, this rate of decline cannot continue. Yesterday's selling was of climatic proportions—the first selling climax since April 9. We expect a technical snapback to develop in the next day or two, bringing a recovery of approximately one-half of the loss from the July 14 peak, to about 142-143. We would take advantage of this rally to liquidate excessive trading lines and to reduce or eliminate debit balances, i.e., to lighten accounts, not jettison them.

"Whether or not Italy soon gives in to the Allied demands is still a question. Nevertheless, the Axis powers have suffered a tremendous setback and the Axis 'stock' has declined grievously. A Swiss cable indicates that the German mark in Switzerland has dropped 50% in the last two weeks. On Monday, bonds of European-occupied countries established new highs on the move. Domestic commodity markets have reacted sharply. These are among the best evidences of how considered opinion among neutral financiers and business men tends to regard the war outlook.

"In the above remarks, we do not recommend that customers sell out basic, well-selected, paid-for commitments with the object of replacing them at worth-while lower prices. Tax considerations, probable tax-legislation trends, the problem of what to do with cash, and the promise of the post-war era all militate against such an investment policy. Moreover, it is our view that the majority of all stocks will, within one year after all hostilities end, sell at higher prices than at any time in 1943."

Attractive Possibilities

The current situation in Red Rock Bottlers, Inc., offers interesting possibilities, according to a circular being distributed by Hoit, Rose & Troster, 74 Trinity Place, New York City. Copies of this circular may be obtained from the firm upon request.

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Robbins, Gunn & Co. Admit Walter Carey

(Special to The Financial Chronicle)

CLEVELAND, Ohio—Robbins, Gunn & Co., Union Commerce Building, members of the Cleveland Stock Exchange have admitted Walter J. Carey to partnership in their firm. Mr. Carey has been associated with Robbins, Gunn & Co. for some time in charge of trading.

Matthews To Head State Dept. European Division

Secretary of State Hull has ordered H. Freeman Matthews Counselor of the American Embassy at London, to return to Washington to serve as Chief of the European Division of the State Department. Mr. Matthews was named to succeed Ray Atherton, newly-appointed Minister to Canada. The post vacated by Mr. Matthews in London will be filled by Howard Bucknell, Assistant Chief of the Division of Current Information.

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Cohoe Elected Head Of Chemical Ind. Society

Wallace P. Cohoe

Wallace P. Cohoe of New York City has been elected President of the Society of Chemical Industry, according to word received here from the international headquarters of the Society, in London. Mr. Cohoe, technical adviser to corporations, principally in the fields of textiles, synthetics, paper, and cellulose, succeeds William Cullen, LL.D., chemical consultant of London, who for more than half a century was associated with the Nobel Explosives Company, Ltd., of Glasgow and South Africa.

Dr. Cullen will serve as Chairman of the Society's Council during the administration of Mr. Cohoe.

Smith Joins Staff Of U.S. Savs.-Loan League

H. Merele Smith, of Kansas City, Missouri, has joined the staff of the United States Savings and Loan League in Chicago, as executive in charge of public relations and advertising. He is well known as a marketing consultant in the Midwest and Southwest and has for the past several years served as executive secretary of the Missouri Savings and Loan League. The announcement is made by Morton Bodfish, executive vice-president.

Gisholt Co. Interesting

Gisholt Machine Co. offers an attractive situation, according to a memorandum prepared by Herzog & Co., 170 Broadway, New York City. Copies of this interesting memorandum may be obtained upon request from Herzog & Co.

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Oklahoma City-Ada-Atoka Ry.

June earnings after depreciation and fixed interest charges, but before Federal Taxes, amounted to $69,175, as compared with a monthly average of $39,047 for the five months preceding—an increase of 77%.

For the six months period to June 30th, 1943, earnings after fixed interest charges and depreciation, but before Federal taxes, totaled $264,404, as compared with $217,810 in the six months, ended June 30th, 1942—an increase of 21%.

Comparative figures follow: (cents omitted)

	Operating Revenue	Net After Deprec. & Fixed Charges	Times Conting. Int. Covered	Federal Taxes
January	$125,273	$35,517	7.3	$12,273
February	126,452	51,208	10.5	18,551
March	126,051	45,618	9.3	24,589
April	102,802	34,021	7.0	13,134
May	94,568	29,465	6.0	11,083
June	139,670	69,175	14.3	28,954
Total	$714,816	$264,404	*9.1	$108,584

*Average.

Comparative Income Account for the 6-Month Periods Ended June 30, 1943 and 1942 and the Full Year 1942

	6 Mos. '43	6 Mos. '42	Year '42
Operating revenue	$714,816	$554,729	$1,330,759
Operating expenses	328,909	254,609	616,502
Railway operating taxes	43,913	26,012	66,162
Rents (net)	78,464	54,636	142,874
Railway operating income	$263,530	$223,472	$505.221
Operating income	5,483	2,639	7,113
Total income	$269,013	$226,111	$512,334
Miscellaneous interest and charges	609	301	775
Fixed interest	4,000	4,000	8,000
	264,404	217,810	503,559
Contingent interest	29,000	29,000	58,000
Federal tax reserve	108,584	75,198	181,218

OKLAHOMA CITY-ADA-ATOKA RY. has two First Mortgage obligations—

$400,000 OKLAHOMA CITY-SHAWNEE INTERURBAN RY. CO. 1st Mortgage Fixed and Income 6s, 1954;

$700,000 OKLAHOMA CITY-ADA-ATOKA RY. CO. 1st Mortgage Income 6s, 1954.

INTEREST—Payable (both issues) January and July 1st. The rate is 2% fixed plus 4% if earned on OCSI and 6% if earned on OCAA.

Record of Payments Since Readjustment Plan of 1934

Year	OCSI %	OCAA %	Year	OCSI %	OCAA %
1935	2	None	1940	6	6
1936	6	6	1941	4	None
1937	6	6	1942	3	1
1938	6	6	1943	6	6
1939	5¾	3¾			

Oklahoma City-Ada-Atoka Ry. is a part of the Muskogee group which includes Kansas, Oklahoma & Gulf, Osage Railway and Midland Valley Railroad. The line extends from Oklahoma City to Atoka, of which 115.87 miles (Okla. City to Colgate) is owned; the balance (Coalgate to Atoka) is leased from the Missouri, Kansas, Texas Railroad. Connections are made with the Kansas, Oklahoma & Gulf at Tupelo, the Missouri, Kansas & Texas at Atoka and with other large systems operating in and out of Oklahoma City. Including trackage rights, yard tracks and sidings the total mileage operated is $146.33. Although the Shawnee issue still retains the word Interurban in its title, the road is entirely a steam railroad and furnishes no local passenger service.

The location of Midwest Air Depot and the Douglas Aircraft plant, for manufacturing cargo planes on the line about ten miles southeast of Oklahoma City has changed the whole outlook for the future of this system. The Air Depot occupies about 2,400 acres of land, and the Douglas Aircraft plant occupies about 480 acres. The total cost of these two projects is estimated at about $60,000,000.

In addition to this, a new residential section, known as Midwest City has been in construction adjacent to the Air Depot, and when last reported, over a thousand houses were either completed or in course of construction.

The Douglas Aircraft plant and Midwest Air Depot are intended for permanent use. The Oklahoma City-Ada-Atoka Railway therefore should derive permanent benefit from this development and by all reasonable calculations should be able to earn the full interest requirement on its bonds in future years by a comfortable margin.

Sees Market Acting In Logical Sequence

According to a discussion of the current market situation prepared by Glenn G. Munn, economist of Paine, Webber, Jackson & Curtis, 25 Broad Street, New York City, members of the New York Stock Exchange, the upward pattern of the market for the past 14½ months is now broken, a logical sequence of the news concerning Italy. The future course of the war and the possible action of the market in "discounting" the transition from a war to a peacetime economy are surveyed. Copies of this interesting release may be obtained upon request from Paine, Webber, Jackson & Curtis.

Petrolite Looks Good

Petrolite Corporation, Ltd., offers interesting possibilities for income, according to a memorandum issued by Hill, Thompson & Co., Inc., 120 Broadway, New York City. Copies of this memorandum discussing the situation may be had upon request from Hill, Thompson & Co.

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B. Shankman In Army

Benjamin Shankman, of Carl Marks & Co., Inc., New York City, is now in the U. S. Army, stationed at Camp Swift, Texas.

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Chairman Of NSTA Advertising Committee Reports Appointment Of Committees By Affiliates

Harold B. Smith, Collin, Norton & Co., New York City, Chairman of the Advertising Committee of the National Security Traders Association announces the appointment of special advertising committees in the various affiliated traders associations to solicit advertising for the annual NSTA meeting issue of the "Financial Chronicle."

The "Chronicle" will again carry, as it has for the conventions and meetings in the past, news of the proceedings of the election meeting of the NSTA to be held in Chicago August 20-21, and will act as official organ of the Association. This year also the bulk of the profits from the special advertising sold for the election meeting issue will go to the NSTA.

Harold B. Smith

Chairman of newly appointed avertising committees are:

Boston Securities Traders Association: Dayton Haigney, Dayton Haigney & Co.

Cleveland Security Traders Association: Harry Gawne, Merrill, Turben & Co., assisted by Edward A. King, Maynard Murch & Co.

Bond Club of Denver: Phillip J. Clark, Amos C. Sudler & Co.

Cincinnati Stock and Bond Club: J. C. Siegman, Edward Brockhaus & Co.

Security Traders Association of New York: "Duke" Hunter, Hunter & Co., assisted by Harry Casper, John J. O'Kane & Co., Elbridge Smith, Stryker & Brown, and Ralph T. Dimpel, Edward A. Purcell & Co.

Buckley Bros. Opens New York City Office

Buckley Brothers, members of the New York and Philadelphia Stock Exchanges, have opened a new office in New York City at 63 Wall Street. Resident manager of the new branch will be Tracy R. Engle, head of Engle, Abbot & Co., Inc.

Mexican Bond Issue

The Republic of Mexico authorized on July 21 a 200,000,000-peso bond issue designed as an anti-inflation move and to provide for retirement of Mexican bonds outstanding in the United States. The bonds, due in ten years, will bear 6% interest.

In a special dispatch from Mexico City to the New York "Herald Tribune" of July 22, it was further stated:

"It was explained officially that the bonds are expected to absorb surplus spending money and that they also will provide resources to acquire from the Bank of Mexico part of the accumulated cash and make it available for retirement of private and public obligations in foreign countries.

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Railroad Securities

The Interstate Commerce Commission has recently issued its third supplemental report in the New Haven proceedings. The modified plan makes some adjustments and, while all parties are not apt to be satisfied with their allocations, it is the general feeling that this most recent proposal will be the final plan. This presumption would, of course, be nullified by passage of the recently proposed Hobbs Amendment to Section 77, or similar legislation, but informed railroad opinion leans strongly to the belief that no such legislative hamstringing of the Commission is likely.

The chance for success of the plan is improved by the provision for consummation without the Old Colony and Boston & Providence if those security holders reject the terms. Aside from the effect of the plan on the security holders of the road itself, it is of importance in evaluating the whole reorganization picture as it is the most recent expression of general I.C.C. reorganization philosophy.

The Commission had before it, and as a part of the record in the proceedings, the history of war-swollen earnings. It considered these earnings in arriving at its final decision. On this record it still found the old stocks to be without value and denied the right of holders of the old equities to participate in the new company, even through stock purchase warrants. There had been nothing in the past record of the Commission, or in the long record of court proceedings in this and other reorganizations, which could have supported hopes of any other conclusion. Nevertheless there had been enough speculative hope in a change of heart to push the old preferred up to $6.00 a share. Quotations were more than halved immediately after release of the new plan but there has been a subsequent recovery and the stock, as well as other reorganization stocks, still reflect the hopes of some material salvage. Practically all rail men regard this as dangerous and unwarranted speculation, which psychologically weakens the entire reorganization railroad price structure.

There is one other important general conclusion to be drawn from the recent New Haven plan modifications. That is that the Commission is satisfied with the capitalizations it has set up and does not intend to reduce them further when the accumulation of cash from war business allows interim reductions in claims against the trust estate. In earlier New Haven proceedings, when there had been a moderate reduction in claims as a result of interest payments, the new securities released thereby were not reallocated. The proposed new capitalization was merely reduced by a corresponding amount.

In the new plan, with interest payments having reached more sizable proportions, the Commission has decided that advantage shall be taken of the reduction in claims to improve bond allocations to old secured bonds. This principle will presumably be carried over into other reorganization proceedings where the accumulation of huge cash balances is one of the most vexing problems facing those working towards accord.

There was one disappointing feature of the plan and that was the establishment of a definite effective date, July 1, 1943, rather than allowing some discretionary margin. This feature is designed to "avoid any further modification of the approved capital structure and the allocation of reorganization securities. . . ." Apparently this will mean that once the plan is certified to the court there can be no further payments on account of interest accruals on the old bonds. Any future payments would have to be based, as has been done in the North Western and St. Paul cases, on new bonds to be received in reorganization. There is hope in some quarters that an additional payment of interest on the old bonds may be made before the court receives the plan.

Due to the reallocation of new securities released by interest payments, the bonds secured under the old 1st & Refunding Mortgage are now to receive 23.52% of their total claim in new 1st Mortgage bonds, 47.46% in new Incomes and 29.02% in new preferred stock. Previously the ratios had been 20%, 40% and 40%, respectively. As of July 1, 1943 the claim of the old 1st & Refunding 4½s for principal and interest aggregated $1,116.30. If there is no further reduction through payment of interest before the record is certified to the court, this will work out to $262.55 in new 1st 4s, $529.80 in new Income 4½s, and $323.95 in preferred stock. With such treatment these bonds, and others secured by the same mortgage, still have a considerable measure of price appeal .

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Public Utility Securities

Wave Of Utility Refunding Issues

Utility financing has consistently declined in volume since the peak year 1927, and 1943 is making a new low record. With high-grade corporate bonds selling close to all-time peak levels, it is surprising that more refunding has not been accomplished recently. One reason appears to be that any financing proposed these days usually raises questions regarding property write-offs, which require careful consideration by both company and commission. However, a number of issues are now incubating and a period of brisk activity is anticipated around mid-August or after Labor Day. Following are some of the issues which are being lined up:

South Carolina Electric & Gas, which is being merged with Lexington Water Power, will issue $20,000,000 1st Mortgage 30-year refunding bonds. The bonds were registered June 28 and the merger became effective July 26, on which date competitive bids for the bonds were submitted. Public offering of the bonds should follow shortly. The two companies are subsidiaries of General Gas & Electric, Southern sub-holding company in the Associated Gas & Electric system. General Gas had hoped to sell them to the South Carolina Power Authority but the deal became mixed up with local politics and failed.

Northern Indiana Public Service filed $45,000,000 Refunding Bonds (3¼s or less) due 1973, on June 28. The present 3¾s, which are to be refunded, are rated Baa. Two groups are expected to bid for the bonds, headed respectively by Halsey, Stuart and Harriman Ripley.

Delaware Power & Light (United Gas Improvement System) plans to acquire Eastern Shore Public Service from General Gas & Electric (Associated Gas System) and do a general refunding. The company hopes to register $15,000,000 30-year 1st & collateral 3s, together with $4,000,000 Preferred stock, by July 31 (after which the contract with Associated Gas expires). Negotiations with the SEC were slowed by a proposal made by the newly formed Delmarva Electric Cooperative, which offered to make a slightly higher bid for the Eastern Shore property, but failed to obtain SEC approval for the idea. Delaware's present bonds are rated AA. Several groups have been formed to bid for the issue.

Iowa Power & Light filed $19,000,000 1st 3¼s due 1973 on May 13, but the deal is complicated and has progressed slowly. The issue may be ready for bidding around mid-August.

Community Power & Light recently registered $6,850,000 1st 3⅜s due 1973 with Central Republic Co. of Chicago as the principal underwriter. However, the issue was later withdrawn without explanation. It is reported that some question arose as to whether the company is interstate or intrastate.

California Electric Power has filed $16,000,000 25-year 3¾s, and $4,000,000 convertible preferred. The offering is not expected immediately. Dillon, Read is handling the bond issue and Stone & Webster and Blodget the preferred stock.

Public Service of Oklahoma (Middle West System) plans to issue $6,600,000 additional 3¼s, 1971, the proceeds to be used to redeem bonds of Northwestern Light, which is to be merged. The refunding is tied in with a Middle West program involving several subsidiaries, being a step in the system's general plans to gear itself with Section 11.

Laclede Gas has been working for the past year or so on recapitalization plans, some steps having been completed. The bond refunding program was revamped June 15, the latest proposal being to issue $19,000,000 1st 20-year 3¾s and $3,000,000 debenture 3½s. The date of the financing remains indefinite.

Utah Power & Light on July 1 registered $37,000,000 1st mortgage bonds due 1973, the interest rate to be supplied by amendment. The company has been having difficulty with its property account, since the Federal Power Commission wants to make a deep cut, reducing the amount to so-called "aboriginal cost." It seems probable that the SEC will not insist on complete readjustment of plant account at this time, since this would endanger the refunding and perhaps threaten bankruptcy for the company in 1944, when a large amount of bonds become due.

Niagara Hudson Power plans a huge refunding operation—probably over $200,000,000 3s—in connection with its merger and integration program recently submitted to the SEC. The New York State Commission threw a monkeywrench into the proceedings, claiming that the company was not giving free play for investigation of the accounts, and the application is now being amended to smooth over this difficulty. Because of the number of commissions and courts involved proceedings may run well into 1944, and the bond offering does not appear to be imminent.

There has been little in the way of common stock financing for some time but one issue now appears in the offing—sale of Electric Power & Light's holdings of **Idaho Power Company.** The company has been ordered by the FPC to make a substantial write-off. Several houses have been reported anxious to handle the deal, but the SEC may order competitive bidding. A hearing was held July 21.

Pennsylvania Electric Company (Associated Gas & Electric System) plans to sell $4,000,000 1st mortgage bonds due 1973 and 35,000 shares of preferred stock at competitive bidding. The SEC has fixed the hearing date for Aug. 5. The purpose of the financing is to take over Keystone Public Service and Bradford Electric, refunding the former's bond issue.

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Would Solve National Debt By Issuing 'Legal Tender' Bonds Yielding $1 a Yr. per $1000 Bond

M. M. Mattison, 50 Broadway, this City sends us the letter below, in which he advocates the issuance of "National Security Legal Tender Bonds" bearing interest at the rate of one tenth of one percent. A copy of this letter was sent by Mr. Mattison to each member of Congress. The letter follows:

The subject matter of this letter will play an important part in the future of our Government and in the happiness of the present and future generations. I respectfully ask that you give it careful and unbiased consideration.

The annual interest charge on the money our Government must borrow, may become very burdensome. It need not.

For example: If we borrow two hundred and fifty billion dollars (250,000,000,000) for National Security, an interest rate of at least 2½% will be required for long term present type of bonds; costing six billion two hundred and fifty million dollars (6,250,000,000), yearly. If instead we issue the same amount in "legal tender" bonds, an interest rate of 1/10 of 1% will be ample, costing only two hundred and fifty million dollars (250,000,000), thereby saving six billion dollars (6,000,000,000) **yearly.**

An interest rate of 1/10 of 1% is suggested because that rate will more than compensate for the deposit insurance charge of 1/12 of 1% which the banks have to pay on deposits.

Bonds of this type will be preferable to cash where unemployed funds in quantity are held. They will not sell below par because they will always be exchangeable at par or better. They will not require stabilization and a market will not have to be prepared before issuing them. They may be of any desired denomination and maturity, bear any desired interest rate, bear coupons or not, be in registered form or not and be callable.

At maturity they may be refunded by like bonds.

"National Security Legal Tender Bonds" will not be synonymous with currency or greenbacks, for they will have a maturity date, be callable and have an interest **penalty**, which currency and greenbacks have not.

It may be said that they will be inflationary. All Government bonds are inflationary. But we **must** issue bonds for at least a part of the money necessary. Because bonds bear a low rate of interest and are legal tender, makes them no more inflationary than existing Government bonds, which may be sold at will. If we must borrow, why not do so as economically as possible and apply the savings to reduction of debt?

"National Security Legal Tender Bonds" can be used by the Government for the direct payment for materials, equipment and expenses.

In practice the typical procedure may be as follows:

The Government may contract with General Motors Corporation for fifty million dollars worth of army trucks or tanks, and pay for them directly with bonds. General Motors may deposit said bonds in the Chase National Bank and receive credit for the amount deposited. The Chase Bank may keep said bonds and receive interest thereon while they hold them; and when the Bank needs currency, particularly small currency, send bonds to a Federal Reserve Bank and receive the desired currency, or if preferred, credit. The Federal Reserve Bank may use them as they would ordinary bonds; but whoever holds them on interest dates will be entitled to interest as in case of existent Government bonds.

If bonds are not in registered form, the backs of same may have spaces for endorsement of interest payments.

If a holder wishes cash between interest dates, he may dispose of bonds at par plus the interest accrued thereon, as is now done with Government bonds.

When peace comes there will be a difficult period during which unemployment will be a serious problem confronting us, at least during readjustment. This period may last long. What then will we have to face? Certainly a huge debt. Revenue from taxes will decline precipitously. Unemployment Insurance and Old Age Pensions will be menaced.

We have sold billions of dollars worth of War Savings Bonds, payable practically on demand. Many owners of those bonds will be unemployed. They are patriotic, but must have food, clothing and shelter. They will ask for payment of their bonds, and their number may be legion. If the national debt has reached a staggering figure, will the Government be able to sell ordinary bonds in such an emergency, except on ruinous terms? Can taxes be collected in sufficient amounts to meet obligations?

Under the stress of war, individuals and industry must tolerate high taxes. In peacetime, high taxes discourage business, resulting in unemployment and stagnation, when a high tax rate brings in less revenue than a lower one.

Where, then, will we get the money with which to pay those who must convert their War Savings Bonds into cash, get the money with which to pay the interest on our burdensome debt and redeem our bonds as they mature? Where will Social Security, Old Age Pensions and Relief money come from?

A group will appear advocating debt repudiation to save the masses and future generations from poverty and suffering. The masses will probably put that party in power, or that group will suggest printing press money. Democracy, to put it mildly, will be menaced.

THIS DARK PICTURE NEED NOT APPEAR.

To summarize, the bonds suggested above will require no marketing, no stabilization, will not fluctuate, will permit low peacetime taxes, result in **enormous yearly savings**, help preserve our national honor and credit, relieve the present and future generations of misery and despair, and possess the safeguards of ordinary bonds.

One more step is desirable: it is a constitutional amendment prohibiting the issuance of this type of bonds for any other purpose than National Security. This amendment, in the present emergency, will probably be adopted promptly.

With your cooperation, this plan will save your country, annually, six thousand million dollars, equal to $222 per family of five, or $44 for every man, woman and child in the country.

Under this plan, if these savings are applied to the reduction of our indebtedness, we will be free of debt in 42 years. Under our present method it will require 250 years **and** two hundred and fifty billion additional dollars, if we retire one billion dollars of debt per year.

Should our indebtedness become greater than the amount above mentioned, this plan will still cancel it in 42 years, whereas our present method will require a proportionate additional amount of dollars and years, to free us from debt.

Should we be compelled to pay a higher rate of interest, which is likely as our debt becomes greater, this plan will cancel in a **shorter** time than 42 years, whereas our present method will become more expensive and take **longer** than it otherwise would.

[Editor's Note—Mr. Mattison's proposal would mean an investment return of less than one cent a week to a holder of one of his $500 "legal tender" bonds. Mr. Mattison overlooks the very important fact, it seems to us, that when the interest rate is virtually nil there is no incentive for one to retain a bond as an investment. Consequently his "legal tender" pieces would find their way into the Federal Reserve System, with our currency being diluted in effect just as would be the case if fiat money were printed. His plan, too, would also have such an adverse effect on bank earnings from investments that it would probably force most of them to close their doors.]

Good Post-War Prospects

Newburger, Loeb & Co., 40 Wall Street, New York City, members of the New York Stock Exchange, have prepared a list of low-priced stocks with good post-war prospects. Copies of this interesting list may be had from the firm upon request.

Survey Shows Investment Dealer Looking To Substantial Increase In Post-War Business

Answers To Hugh Long Co. Questionnaire Reveal Dealer Optimism.

The representative investment dealer in the United States is looking forward to a substantial increase in his post-war business. He believes Germany will be defeated in 1944 and Japan in 1945. Although he anticipates a high level of taxes, and that living costs will continue to rise, he believes conditions will be such as to encourage investing.

These conclusions are from answers to a questionnaire sent by Hugh W. Long & Co., Inc., 15 Exchange Place, Jersey City, N. J., to all members of the National Association of Securities Dealers. Hugh W. Long & Co., Inc. is national distributor of New York Stocks, Inc., Manhattan Bond Fund, Inc. and Fundamental Investors, Inc.

According to the survey, answers to which were supplied by dealers in 35 states, shifts in population due to war work have helped rather than hurt their business. The average sales organization has lost 41% of its men to war activities, but a large majority of dealers believe that almost all their former associates will return to the investment business after the war.

Although they are not keeping open evenings to encourage new accounts, 35% of dealers who answered the questionnaire said that they had gotten new customers among war workers not previously securities buyers but who are now investing or speculating. Of these new accounts, investors outnumbered speculators by 1½ to 1.

Asked to name the three industries with the best post-war outlook, dealer vote was heavily for Automobile, Chemical and Airlines in that order. Giving their opinions as to which three industries will be least favorably situated after the war they named Machine Tool, Railroad and Aircraft Manufacturing.

The representative dealer doubts that price controls will be removed soon after V-Day but he does not, by a vote of more than 2 to 1, expect a drastic post-war depression. Those who expect such a depression place it about 2 years after V-Day. Confidence in the industrial future of the United States is expressed by a large majority of answers to the question whether or not industry will be able to prevent a dangerous degree of post-war unemployment. Opinions indicating that such a degree of unemployment will be prevented were 3½ to 1.

RESULTS OF HUGH W. LONG CO., INC. INVESTMENT DEALER QUESTIONNAIRE
(Answers given below are percentages of replies received

1. What approximate date do you estimate for the ultimate defeat of Germany? Japan?		Germany 1944, 69%		Japan 1945, 51%
2. Have shifts in population due to war work helped or hurt your business?		Helped 37%	Hurt 20%	No change 43%
3. Have you lined up men you want associated with you when the war is over?			Yes 33%	No 67%
4. What per cent of your sales organization is no longer with you because of war activities?				Average 41%
5. Will most of your former associates return to the investment business?			Yes 73%	No 27%
6. Have you gotten new accounts from war workers, not previously securities buyers, now investing or speculating?		No. 65%	Investors 21%	Speculators 14%
7. Are you keeping your office open one or more evenings a week for the convenience of such prospects?			Yes 98.8%	No 1.2%
8. Have you successfully used direct mail advertising to compensate for your manpower shortage?			Yes 36%	No 64%
9. If so, what type of mailings have been most effective?: (a) Inquiry-producing postcards (b) Inquiry-producing "blind" letters, not naming any security (c) Straight sales letters (d) Letters offering list analysis	(a) 37%	(b) 9%	(c) 41%	(d) 13%
All following question refer to **POSTWAR** only—				
10. Will present or higher income and corporation taxes remain?			Yes 62%	No 38%
11. Will price controls be removed soon after V-day?			Yes 37%	No 63%
12. Will business conditions be such as to encourage investments?			Yes 86%	No 14%
13. Will living costs continue to rise?			Yes 75%	No 25%
14. What three industries have the best post-war outlooks?		Automobile 20%	Chemical 12%	Airline 10%
15. What three will be least favorably situated?		Machine Tool 12.9%	Railroad 12.4%	Aircraft Mfg. 10%
16. Do you expect a drastic postwar depression? If so, about (?) months after V-day?		Yes 32%	Months 25	No 68%
17. Will industry be able to prevent a dangerous degree of postwar unemployment?			Yes 72%	No 28%

Puget Sound Pr. & Lt. Co. Recap Plan Interesting

Ira Haupt & Co., 111 Broadway, New York City, members of the New York Stock Exchange and other leading national exchanges, have prepared an anlysis of the recapitalization plan of Puget Sound Power & Light Co. Copies of this interesting circular may be had upon request from Ira Haupt & Co.

Mid-Year Bank Figures Study Now Available

Laird, Bissell & Meeds, 120 Broadway, New York City, members of the New York Stock Exchange, have prepared an interesting analysis of bank stocks revised to include the mid-year figures. Copies of this analysis may be had from the firm upon request.

OUR REPORTER'S REPORT

Concrete evidence of the availability of investment money was disclosed this week with the sale through competitive bidding of an issue of $20,000,000 thirty-year first mortgage bonds of the South Carolina Electric & Gas Company.

Three groups bid for the bonds, with First Boston Corporation and Lehman Brothers group offer of 103.0879 for the issue as 3⅝s proving the highest. Since the successful syndicate naturally had to await final clearance of the issue by the Securities and Exchange Commission immediate public offering was not possible.

But with the news of the results of the bidding getting around, the winning group found itself literally swamped with inquiries, and in consequence the actual offering which went through yesterday was little more than a formality.

In fact, it developed into one of the largest oversubscriptions for a corporate offering in many months, with estimates placing orders in the vicinity of $35,000,000.

Demand from insurance companies was the heaviest for an issue in some time, while wholesalers in the group stood ready to take down substantial amounts, leaving the retailing group with little or nothing in the way of bonds for its clients.

Penn. Ohio & Detroit 3¾s

The Interstate Commerce Commission once more has sidestepped efforts of Midwestern banking interests to force it into a definite decision on competitive bidding for railroad bond issues.

The Commission this week authorized the sale by the Pennsylvania, Ohio & Detroit Railroad Co., subsidiary of Pennsylvania Railroad Co., of an issue of $28,483,000 of first and refunding 3¾% bonds to Kuhn, Loeb & Co.

Bankers purchased the bonds and, on June 25, offered the issue publicly, subject to approval of the financing by the Interstate Commerce Commission. Cleveland and Chicago bankers protested the absence of competitive bidding and sought to block the deal.

Now the Commission has handed down its ruling after hearings and without ruling on competitive bidding. It did, however, set the price for sale to bankers at 100¼ instead of 100.

Municipals' Full Recovery

A combination of circumstances, notably the recess of Congress and the veritable dearth of new issues, is serving to bolster the situation in the municipal bond market.

A survey of high-grade State and city loans shows that such issues have pushed their way back to approximately duplicate their top prices for recent years. To put it another way, that in which the trade views the picture, yields on such bonds have now returned to the low levels prevailing in the Fall of 1941, a few months before Pearl Harbor took us into the war.

In the break which followed the entry of the nation into hostilities and continued into 1942 when the Treasury was bent on ending the tax freedom of such issues, the yield basis rose some 60 percentage points. That ground has since been fully recovered.

New Issues Doing Well

A glance at the market shows that most of the recent new corporate issues have been doing well since being placed on the market. In almost all cases such issues are commanding sizeable premiums over the offering prices.

Puget Sound Power & Light 4¼s, for example, marketed at 104¼, have been ruling around 106⅝ bid and 106⅞ asked. Pennsylvania, Ohio & Detroit 3¾s having been moving at 104¼-104¾, against the issue price of 101¾, while Panhandle Eastern Pipe Line 2¾s and Consolidated Cigar 3¼s likewise show premiums currently.

Two issues, Public Service of New Hampshire 3¼s and Armour Delaware 7s, have been quoted slightly under their issue prices.

New York Title - Series C-2
1st Mortgage Liquidating Certificates
Ratio of Liquidations to December 31, 1942,
80% of Asset Cost
MARKET: 38¾ - 39¾
Complete descriptive circular will be sent upon request.
Seligman, Lubetkin & Co.
Incorporated
Members New York Security Dealers Association
41 Broad Street, New York 4 HAnover 2-2100

Real Estate Securities

60 EAST 65th STREET (MAYFAIR HOUSE)

First Fee Mortgage Bonds Paying Extra Interest At Rate Of $4.00 Per $1,000 August 1st.

This property previously mentioned in these columns as one which held promise of earning more than 3% fixed annual interest on its bonded debt fulfills our prediction, and earns sufficient money in the year ended June 30, 1943, to provide funds for the payment of additional interest as shown above. We believe it significant that even these earnings do not reflect the true picture as it is today, and that earnings for the fiscal year to end June 30, 1944, will show a considerable increase.

The Mayfair House is considered one of the most fashionable apartment hotel properties in New York City, its location at the Southwest corner of Park Ave. and 65th Street being an ideal corner for this type of property. Fifteen stories in height, it is erected on a plot 75x160 feet and contains 408 rentable rooms. The $2,574,500 first mortgage fee bonds outstanding are due in 1950, have a fixed interest rate of 3%, with a provision for an additional 2%, if earned, plus a participating interest in 25% of net earnings of the Owning Corporation.

Prior to July 1, 1940, at which time interest became fixed at 3%, fixed interest was 1% per annum, with a provision for 2% additional cumulative interest for the mortgage years ended June 30, 1938, 1939 and 1940. Unpaid accumulations total $21.55 per $1,000 bond, which may be paid on, or before, maturity.

Gross Income for the year ended June 30, 1943, increased to $544,000 from $480,000 the previous year.

Current Assets of $91,700, compared with Current Liabilities of $76,000.

TRADING MARKETS IN
REAL ESTATE
SECURITIES
★ ★ ★
SHASKAN & CO.
Members New York Stock Exchange
Members New York Curb Exchange
40 EXCHANGE PL., N.Y. Digby 4-4950
Bell Teletype NY 1-953

Active Markets
N.Y. Title & Mtge. BK C2 F1
Prudence Collaterals Series A-18
and all other
TITLE CO. CERTIFICATES & MTGS.
SIEGEL & CO.
39 Broadway, N. Y. 6 Digby 4-2370
Bell System Teletype 1-1942

Drafting Of Women Seen By Mrs. Roosevelt

Registration of women and the drafting of those of "certain ages" will inevitably result if recruiting for women's units of the armed forces falls very short of the number needed, according to Mrs. Franklin D. Roosevelt, whose further remarks in Washington on July 26 were indicated as follows in the Associated Press:

She suggested that the fact that WAVES are not permitted to serve overseas and the recent attacks on the social behavior of the WACS, might have cut down enlistments.

"If the shortage becomes very great," Mrs. Roosevelt asserted, "it will lead to registering and taking in of people of certain ages."

New Method For Paying NY Stock Transfer Tax

The new regulations regarding the elimination of stamps in the payment of New York State stock transfer taxes for transactions effected on a registered Stock Exchange of the State go into effect on Aug. 2.

Under the new method of collection, which does not affect over-the-counter transactions in listed securities, the payment will be made through the Exchanges affiliated clearing corporations for the account of the State Tax Commission.

The payment of these taxes without the use of stamps is in accordance with the law adopted by the New York State Legislature and approved by Governor Dewey at the last session.

Plans for the State change and also reference to the discussions with Federal tax authorities on this question were referred to in our issue of June 10, page 2170.

Nat'l Radiator Attractive

The current situation in The National Radiator Company offers attractive possibilities according to a memorandum being distributed by C. E. Unterberg & Co., 61 Broadway, New York City. Copies of this interesting memorandum may be had from the firm upon request.

BOND SERIES
LOW-PRICED BOND SERIES
NATIONAL
SECURITIES SERIES
INCOME SERIES
PREFERRED STOCK SERIES
LOW-PRICED COMMON STOCK SERIES
INTERNATIONAL SERIES
FIRST MUTUAL TRUST FUND
Prospectuses upon request
NATIONAL SECURITIES & RESEARCH CORPORATION
120 Broadway, New York 5
210 W. 7 St., Los Angeles 10 Post Office Square, Boston 208 So. La Salle St., Chicago

Investment Trusts

Investment Company Reports

Broad Street Investing Corporation: Net assets were $6,575,961 at June 30, 1943, giving a liquidating value of $27.23 per share. The liquidating value of the company's stock on December 31, 1942, and on June 30, 1942, was $20.82 and $17.44 per share, respectively.

Capital Administration Company, Ltd.: Net assets, before deducting bank loans, were $5,465,602 at June 30, 1943. At the end of 1942 the net assets were $4,543,444, while they were $4,065,513 on June 30, 1942.

Chemical Fund, Inc.: Net assets, taking securities at market value, increased during the quarter ended June 30, 1943, to $11.644,323 compared with $10,858,925 on March 31, 1943. Net asset value per share increased from $9.65 to $10.05 over the same period.

Fundamental Investors, Inc.: Net assets totalled $9,548,123 on June 30, 1943. This amounted to $21.53 per share compared with $16.12 per share on December 31, 1942. The per share asset value shows an increase of 64% for the 12 months ended June 30, 1943 and an increase of 34% for the 6 months ended June 30, 1943.

General Capital Corporation: Net assets on June 30, 1943 amounted to $5,986,928, equivalent to $31.98 per share. This compares with a per share asset value of $26.01 on December 31, 1942.

General Shareholdings Corporation: Net assets, before deducting bank loans, were $14,465,009 on June 30, 1943. Net assets at December 31, 1942, were $10,896,718 and on June 30, 1942, were $9,387,527.

Incorporated Investors: During the first six months of the year net asset value increased from $34,253,144.74 to $47,846,866.77, after distributions to stockholders amounting to $957,287.80. Net asset value per share increased from $14.64 to $19.99. Shares outstanding increased from 2,341,086 to 2,393,738.

Keystone Custodian Fund Series "S2": Net assets totalled $5,065,117 on May 31, 1943, or more than double the $2,103,411 total as of November 30, 1942. Total assets of the ten Keystone funds are now reported to be in excess of $61,000,000.

Massachusetts Investors Trust: Net assets were $140,775,486 or $20.82 per share on June 30, 1943, an increase of 42.5% from the figure of $14.61 on the corresponding date last year. During the twelve month period, the number of shares outstanding rose from 6,037.912 on June 30. 1942 to 6,760,460 at the close of June this year.

Massachusetts Investors Second Fund: As of May 31, 1943, net assets were $9,529,561 or $10.01 per share compared to $6,150,365 or $6.85 per share on May 31, 1942.

National Bond and Share Corporation: Net assets on June 30, 1943, amounted to $8,572,556, equivalent to $23.81 per share on 360,000 shares of capital stock outstanding. This compares with a net asset value of $22.93 per share on March 31 and with $20.19 per share at the end of last year.

National Investors Corporation: Net assets were $11,209,962 at June 30, 1943, equivalent to $6.86 per share of the company's stock, which had an asset value at December 31, 1942, of $5.20. On June 30, 1942, the asset value was $4.23.

New York Stocks, Inc.: Net assets as of May 31, 1943 were $6,719,109. In the six months from November 30, 1942 to May 31, 1943, 17 of the 20 Series outperformed their comparable market averages.

George Putnam Fund: On June 30, 1943 net assets were $7,680,000, equivalent to $17.39 per share, compared with $15.06 per share at the end of 1942.

Selected Industries Inc.: On June 30, 1943, net assets, before deducting bank loans, were valued at $32,707,151. At the end of 1942 net assets were $26,032,831, while at June 30, 1942, they were $23,632,172.

State Street Investment Corporation: Net asset value of $46,807,165 on June 30 amounted to $79.54 per share on the 588,439 shares outstanding. This compares with asset value of $43,232,069 on March 31, 1943, equal to $74.15 on 583,046 shares then outstanding.

Tri-Continental Corporation: The June 30 report to stockholders shows net assets, before deducting bank loans and funded debt, of $34,355,600. Assets at December 31, 1943, were $25,610,063 and on June 30, 1942, were $22,803,351.

Investing Company Shares
A Class of Group Securities, Inc.
Prospectus on Request
DISTRIBUTORS GROUP, INCORPORATED
63 WALL STREET—NEW YORK

Keystone Custodian Funds
Certificates of Participation in Trust Funds
investing their capital as follows:
SERIES
B-1, 2, 3 and 4 IN BONDS
SERIES
K-1, 2 IN PREFERRED STOCKS
SERIES
S-1, 2, 3, 4 IN COMMON STOCKS
Prospectus may be obtained from your local investment dealer or
THE KEYSTONE CORP. OF BOSTON
50 CONGRESS STREET, BOSTON, MASS.

Stock Market

The stock market has had its greatest shakeout since the inception of its rise in April 1942. Up until the present stock market break, the Dow Jones Industrial averages have had one of the greatest sustained rises without a major interruption. The severity of the present decline can best be measured by a comparison of the Dow Jones Industrial averages, and by the measure of various representative securities in the utility, railroad and industrial fields.

Students of stock market activity have long pointed out the fact that a technical correction was overdue. The sudden reversal of the European war news, plus the scheduled Presidential speech for tomorrow night, have provided the upsetting factors and have caused traders to reappraise the motivating factors of the stock market rise.

The President's "hold the line" remarks earlier in the year were a factor then in halting the upward trend. After several months of hesitation, the markets propelled into new highs.

The large generated buying power, coupled with the plethora of investment funds, have continued to exert an upward pressure on security prices. In our opinion these factors will continue to manifest themselves after the present decline has run its natural course.

The duration of the war will play an important factor in the trend of "war babies" and companies who have benefited directly or indirectly from war business.

The war period and the consequent shifting of manufacturing activity has caused a large amount of pent-up demand. This, together with large volume of business necessary for rehabilitation and construction purposes in the post-war period should make for a relatively long period of favorable business activity. This should cushion the letdown of manufacturing activity with the cessation of hostilities. It is for this reason that we maintain a favorable viewpoint towards leading industrial securities as well as public utility companies, and companies which, while adversely affected by taxation or Governmental restrictions, as these measures may be considered as temporary and likely to be in effect only as long as the war is prosecuted, will resume a more favorable earnings trend.

After the present sell-off, it is our opinion that selectivity will become the basis for the trend of market prices. However, it is too early to gauge which type of securities will be leaders in this direction until the President's speech and additional war developments take place, and their effects are analyzed.

. . . Contrary to the general opinion, public utility securities have enjoyed the greatest percentage rise. The rise of securities in this category has been greater than that enjoyed by railroad common stocks. The railroads generally have been considered "war babies." From the 1942 low to yesterday's close the Dow Jones Public Utility average has risen 98%, whereas the Railroad average has only risen 53%. It is generally believed that public utility shares in the post-war period will have greater appeal than the railroad stocks. In this category we maintain a favorable attitude toward North American Company, and various preferred stocks such as American Power and Light Preferreds, Electric Power and Light 7% preferred, and United Corporation Preferred stock. On the other hand, we continue to maintain a favorable attitude toward companies which are expected to enjoy a favorable post-war business, companies like Chrysler, International Harvester, General Electric, Union Carbide, etc.—*H. L. Federman, Ira Haupt & Co.*

Municipal Bond Club Of Memphis Becomes New NSTA Affiliate

The executive council of the National Security Traders Association, Inc. has accepted the application for affiliation of the Municipal Bond Club of Memphis, Tennessee.

Officers of the new affiliate are:

M. A. Saunders, M. A. Saunders & Co., President; Joe H. Davis, First National Bank of Memphis, Secretary; Gordon Meeks, Gordon Meeks & Co., Treasurer.

Mr. Saunders is National Committeeman for the Memphis Club, with Mr. Davis as alternate.

M. A. Saunders

Members of the Municipal Bond Club of Memphis are: E. Gordon Crossett, Bond Dept., First National Bank of Memphis; Joe H. Davis, Bond Dept., First National Bank of Memphis; Julius Franks, Herman Bensdorf & Company; T. Q. Galbreath, Exchange Building; Ed. Goldsmith, Bullington-Schas & Co.; R. S. Harris, M. A. Saunders & Co., Inc.; R. H. Jordan, Gray Shillinglaw & Co.; J. C. Lancaster, Bond Dept. Union Planters National Bank & Trust Co.; W. G. Leftwich, Leftwich & Ross; Joseph J. Marks; Gordon Meeks, Gordon Meeks & Co.; Sam Rison, Standard Securities Co.; Howard C. Ross, Leftwich & Ross; M. A. Saunders, M. A. Saunders & Co., Inc.; F. D. Schas, Bullington-Schas & Co.; Wendell Spraggins, Municipal Bond & Inv. Co.; E. C. Thomas, Herman Bensdorf & Co.; J. Nick Thomas, Jr., Equitable Securities Corp.; Roger Wooten, Municipal Bond & Investment Co.; *Joe Denham, Bond Dept., First National Bank of Memphis; *Hugh Sinclair, Bond Dept., First National Bank of Memphis; *Early Mitchell, Bond Dept., First National Bank of Memphis; *Frank Frederic, L. K. Thompson and Co.

*In Armed Forces.

SEC Asks Dismissal Of Temporary Injunction Suit Against Investors Synd.

MINNEAPOLIS, MINN. — In United States District Court this morning before Federal Judge Gunnar H. Nordbye, H. Russell Kelly, Attorney for the Securities and Exchange Commission, asked for a dismissal of and withdrew the commission's motion for a temporary injunction against three Investors Syndicate companies. This motion had been scheduled for a hearing before Judge Nordbye on July 21.

On July 12 the court denied the SEC's motion for a temporary restraining order against Investors Syndicate, Investors Syndicate of America and Investors Mutual, Inc.

Judge Nordbye set the date of August 30th for the trial of the Commission's case.

Arthur Robinson Is Promoted To Major

WALLA WALLA, WASHINGTON. — Promotion of Arthur R. Robinson to major from captain was announced by Major Harry Gilmore, commanding officer of the Walla Walla Army Air field. Major Robinson has been at the air base since June 21, 1942 arriving with the small group of officers who activated the base. He received his commission as captain in the Air Corps, Army of the United States, April 29, 1942 having been trained at the OTS at Miami Beach, Fla., with the class of 1942 B. He graduated from the administrative inspectors' school at Fort Logan, Colo., in September, 1942.

Maj. A. R. Robinson

He was originally assigned as provost marshal and since July 7, 1942 has been administrative inspector and a member of the commanding officer's staff.

Major Robinson applied for his commission from Newark, N. J. while President of Colyer, Robinson & Co., underwriters and dealers in municipal bonds. He is a member of the Essex Club, the Downtown Club and the New Jersey Bond Club of Newark and the Municipal Bond Club of New York. Until the time he entered service he was a member of the vestry of Trinity Cathedral Church, Newark.

The Business Man's Bookshelf

Airplane Power With Special Reference to Engines and Altitudes—General Motors Corporation, Detroit, Mich.—paper.

Inflation In One Easy Lesson—Harry Scherman—Council for Democracy, 11 West 42nd Street, New York City—paper—10c. (If quantities of more than one hundred are desired, prices will be quoted on request.

International Monetary Mechanism—The Keynes and White Proposals—Friedrich A. Lutz—International Finance Section, Department of Economics and Social Institutions, Princeton University, Princeton, N. J.—paper.

Quantitative Trade Controls, Their Causes and Nature—League of Nations Publication 1943, II. A.5—Columbia University Press, International Documents Service, 2960 Broadway, New York 27, N. Y.—paper—50c.

Trade Relations Between Free-Market and Controlled Economies—League of Nations Publication 1943.II.A.4—Columbia University Press, International Documents Service, 2960 Broadway, New York 27, N. Y.—paper—$1.00.

Spare Time—A War Asset For War Workers—Division of Recreation, Federal Security Agency, Social Security Building, Washington 25, D. C.—paper—no charge.

Tin And Its Uses—Review No. 14 of the Tin Research Institute—Battelle Memorial Institute, 505 King Avenue, Columbus, Ohio—paper—no charge.

Wage Rates and Living Costs In A War Economy—Maurice S. Brody—University of Chicago Press, 5750 Ellis Avenue, Chicago, Ill.—paper—$1.00.

Over There
it's on every
soldier's tongue...
Herbert
Bohnert
Over Here
it's the topic
of the day
ARMY E NAVY

Industry is helping win the war...
industry must help build a peacetime world

After the war is decisively won...
what kind of world is essential for a just and durable peace?

This question is being asked today everywhere in the world. No expert is needed to tell you the answer.

It must be a world as peaceful and neighborly as your own town; a world in which decent people can bring up their children decently. It must be a busy world where factories and farms are working and where there are jobs for all.

How can such a world be brought into being? The surest way is to think and talk about it. Full and complete discussions on the porches of this country, over its fences, in churches, schools, clubs, and always at meals—that is how the terms of A JUST AND DURABLE PEACE can be formulated.

In your discussions keep in mind this fact; your terms of peace must be such that the people of other lands can agree with them. There must be provision in your plans for sustained production and for consumption of that production.

Only a world peace that squares with the conscience of men of good will can be just. Only a just peace can endure.

THE INTERNATIONAL NICKEL COMPANY, INC.
Subsidiary of The International Nickel Company of Canada, Limited
New York, N. Y.

Awarded to
Huntington Works

Proposed Rule X-3A12-4

(Continued from first page)

question has slowly shifted. This has encouraged the exchanges to think up ways and means of attaining unlisted trading privileges for securities traded over-the-counter. A recent example has been the attempt to gain unlisted trading privilges for the stocks of all companies with assets of $3,000,000, and having 300 or more stockholders. Another example was the campaign conducted some time ago under the heading "Equalization." Proposed Rule X-3A12-4 constitutes another effort in this direction, this one inaugurated by the Commission itself.

The 1934 Act defines exempted securities as Governments, Municipals, etc., "and such other securities (which may include . . . unregistered securities, the market in which is predominantly intrastate) as the Commission may . . . exempt . . ." In proposed Rule X-3A12-4 the Commission is falling back on this exemption loophole. The interesting point is that this potential exemption has always existed in the Act, but during all these years the Commission has not attempted to make general use of it. It seems quite doubtful whether the original members of the Commission would have felt that wholesale application of this exemption clause was in accord with the spirit of the legislation.

The SEC, as originally constituted, understood the vital distinction between securities suited to auction trading and those which required the facilities and technique of the over-the-counter dealer. It would be well for the investor if this basic distinction still remained clearly and forcefully in the minds of the Commissioners. In its "Report on Trading in Unlisted Securities Upon Exchanges" made by the Commission following a comprehensive study years ago, the Commission stated that: "Admitting a security to trading privileges on an exchange amounts to a representation by the exchange that an appropriate and adequate market for that security exists on that exchange. . . . If that representation is incorrect, the quotations which an exchange disseminates are misleading and have a tendency to react harmfully upon the bid and asked prices for that security in other markets. Consequently, no exchange should be permitted to admit to trading privileges a security when the admission of that security to trading privileges on the exchange means a misrepresentation to the public that an appropriate and adequate market for that security exists upon that exchange."

The volume of trading in many of the stocks on the New York Curb Exchange during 1942 was entirely inadequate for the requirements of an action market. For example, in 174 issues on the Curb the total volume of trading during 1942 amounted to less than 1,000 shares per issue. This is equivalent to about 3 shares per trading day. Applying the phraseology of the Commission's own report quoted above, it is clear that the quotations disseminated by the exchange on these securities were misleading, and the Curb's trading in these securities meant a misrepresentation to the public that a proper and adequate market for the securities existed upon that exchange.

Despite the injury to the investor which necessarily results from this kind of auction market (an auction attended most of the time by neither buyers nor sellers) the Commission shows no interest in the removal of securities of this nature. It is true that in recent years occasional securities have been removed from exchange trading. However, so far as we know, the initiative in these cases has almost always been taken either by the issuer or by dealers. Rarely, if ever, have the wheels been set by the Commission.

The 1934 Act had as its purpose the welfare of the investing public. At the risk of appearing obvious, it seems desirable at this point to restate the elementary fact that a market is satisfactory for the investor in proportion as it affords a satisfactory medium for the effecting of purchases and sales. An exchange market does not afford a good medium for transactions unless there is a sufficient volume of turnover to permit of a true auction. This was recognized in the Act, which provided that adequate distribution and public trading activity in the vicinity of an exchange must be established by the exchange in order to show that the extension of unlisted trading privileges was necessary or appropriate in the public interest or for the protection of investors. Similarly, the vital nature of this consideration is shown by the fact that in applications for unlisted trading privileges most of the argument generally revolves around the question as to whether adequate distribution and public trading activity in the vicinity of the exchange can be demonstrated.

As a regulatory body, the Securities & Exchange Commission has some of the duties and responsibilities of a judge, including particularly that of impartiality. If the Commission maintained an impartial attitude towards the problem of exchange versus over-the-counter trading, it would be as eager to see unsuitable securities removed from exchange trading as to see suitable securities admitted to exchange trading. The points cited in some of the foregoing paragraphs appear to strongly suggest that actually the Commission has far more interest in facilitating the admission of additional securities to exchange trading than in the removal of even those securities which are hopelessly unsuited to the auction technique, and where serious injury to the investing public is involved.

At the present time it seems that the most vital point at issue, namely the specialized characteristics of the two different types of market, is receiving little more than formal attention, and that other and less important considerations are tending to dominate the Commission's policy. For example, James A. Treanor, Jr., director of the trading and exchange division of the SEC, in a letter to the securities industry, commented that if the exemption power involved in proposed Rule X-3A12-4 were exercised, holders of exempted securities would not receive the benefits of all the safeguards which are afforded to holders of registered securities. He pointed out, however, that listing would give the security holders and the public more protection than they now have in the over-the-counter market. "For example," he said, "the exchange may provide in its listing agreement with the issuer that the latter's financial statements adhere to certain minimum standards. It may provide in such an agreement that annual meetings be held in a location reasonably accessible to stockholders; and it may embody other provisions which will serve to aid investors in arriving at at informed judgment concerning the issuer and its affairs."

The above quotes from Mr. Treanor's letter were taken from the New York "Times", as no copy of the letter itself is available. If the excerpts quoted by the "Times" are at all representative, they are very significant as an indication of the line along which the Commission is reasoning. In effect, the Commission appears to be saying that the admission of securities to exchange trading is advantageous to the investing public because it may result in certain secondary benefits, such as the dissemination of more data on the company's affairs and the holding of annual meetings at points accessible to the stockholders. These secondary objectives are certainly desirable. However, the Commission will injure rather than aid the investing public if it adopts a policy which results in substituting a seriously inadequate auction market for what is in many instances a quite satisfactory over-the-counter market, in order to gain such secondary benefits as are mentioned by Mr. Treanor. The substitution of a poor market for a better one means an umistakable deterioration in the facilities vital to the investing public. On the other hand, the practical utility of the benefits which he cites would in many instances be small, or even non-existent. Most of the companies with over-the-counter securities which would even be considered for exchange trading, already issue satisfactory reports to stockholders. As far as the location of annual meetings is concerned, anyone who is in the habit of attending stockholders' meetings conveniently located in New York City knows that stockholder attendance even under these conditions of maximum accessibility is very slight. In many instances no stockholders whatever are sufficiently interested to go to the meeting.

Industry Warns Of Inflation Peril; Urges Govt. Action; Offers Preventive Measures

The inflation problem has not been faced frankly nor has the public been given the facts of the situation in the opinion of American manufacturers and business men who on July 25 urged three positive steps of action to reduce the "inflationary gap."

The current issue of "Industry's View," published by the National Association of Manufacturers, reviewed the "piece-meal approach" to the control of prices and wages for the last two years and concluded that "price controls and regulations are merely an attempt to sit on the safety valve" and that "they do not reduce the explosive forces that are being generated through steady increase in the money supply."

Warning that the most serious results of inflation usually come in the postwar period, "Industry's View" recommended the following preventive measures:

"1. Greatly increased taxes, especially sales taxes, should be adopted immediately. The rates on corporate income and on the upper brackets of personal income have been already pushed to the maximum limit. . . .

"2. The banks should be relieved as far as possible of the necessity of financing war deficits because such financing tends to fan the flame of inflation . . . the sale of bonds to private investors must be increased by voluntary methods as far as possible—by compulsion if necessary.

"3. Wages must be stabilized because increases in wages start an upward spiral of rising prices. Increased wages tend to increase costs and increased costs lead to higher prices which in turn creates a demand for further wage increases."

The publication emphasized that war prosperity was a "phony" prosperity, adding that "the sooner we face this fact the sooner we'll realize the real nature of wartime inflation." It further states:

"In spite of full employment and increased money income in war prosperity, our standard of living not only does NOT rise, but on the contrary, falls. . . . The difference between the spendable income going to individuals and the supply of goods and services available is commonly referred to as the 'inflationary gap.' This inflationary gap has been constantly widening since 1940 and, according to a recent estimate of the Department of Commerce, will be over 40 billion dollars in 1943. . . .

"All along, there has been practically unanimous agreement among economists, both liberal and conservative, as to the need for 'drawing off' the excess purchasing power of individuals which results from our distorted wartime economy. . . . If the workers of the country fully realize that a runaway inflation would wipe out any gains in purchasing power through increased money wages and would endanger their life savings as well, they might forego wage increases, accept higher taxes and buy more war bonds.

"But the Government has failed to bring home to the people the necessity for 'drawing off' the excess purchasing power, both in dealing with labor and its campaign designed to promote the sale of war bonds to individuals. Practically no effort has been made to show the people why the sale of Government bonds to the banks rather than to individuals, is inflationary. It would seem that the most effective procedure the Government could adopt to prevent inflation would be to tell the people that when the Government sells a bond to a bank, the Government takes credit on the bank's books for an equivalent amount. In this way, additional bank credit is created at a time when the volume of consumer goods is declining relatively. Bonds sold to banks result in rapid expansion of bank deposits which have almost the same effect as the wholesale printing of money, a procedure which is universally opposed.

"On the other hand when the Government sells a bond to a private individual or to a non-banking institution, the purchaser either reduces his current income or past savings and no inflationary money is created . . . in order that the Government receive sufficient cash to carry on the war without augmenting dangers of inflation, a revision of present tax systems is imperative in order to draw off the excess purchasing power. A broad tax base such as that which might be provided by a general sales tax should be devised to supplement the already existing laws which are 'soaking' the rich and business to the limit. . . .

"The most serious results of inflation usually come in the post-war period. That was true in the United States following the Civil War and World War I, and it was true in Germany, France, Austria, Italy, Poland and other countries following World War I. The worst inflation occurs in post-war years when restrictions which are possible and accepted in wartime are suddenly withdrawn. While it is conceivable that we may develop a rigid system of price ceilings, a policy of 'rolling back' prices on producers and subsidizing the producers, it will be difficult to retain any or all of these in the post-war period. Then, runaway prices may wipe out all assets and savings. . . ."

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The Securities Salesman's Corner

Your Best Prospects Are Your Customers

Sometimes it is even difficult for salesmen who appreciate the importance of making calls on established customers to set aside a few days each month for "servicing old accounts." Distant pastures always look more attractive. Besides, it requires considerable planning and some pre-call research of the customer's holdings on the part of the salesman, before such calls are made if they are to be effective. When there is no immediate business in prospect as a result of such calls, it therefore follows that old customers are usually neglected.

Of course there are some individuals who do not care to have the people with whom they do business make an occasional social call. The first thing to do then is to go over your customer list and try and select those who would appreciate having you drop in once in a whole. If you have ever had a customer say, "Hello there fellow, you must have something to sell today, because the only time I ever see you is when you've got another proposition to offer me," then you can mark it down that you had better get busy and do something to keep his good-will and his business.

During the past years when public interest in security investment was so dormant that most salesmen were doing all they could just to cover expenses, it's true that customer "radiation" also fell to a very low point. But now that public interest is expanding and more and more people are becoming security conscious, there are many more opportunities for a customer to recommend the services of a securities dealer or salesman.

Probably nothing pleases the average person more than to receive a call AFTER THEY HAVE BOUGHT something and have the salesman say, "I just dropped in to see if everything is O.K.—or, are there any questions you may have—and to let you know that I want to keep you posted and advised as long as you hold this investment." THAT'S THE KIND OF SERVICE CALL THAT BUILDS BOTH CONFIDENCE AND FRIENDSHIP.

There are some salesmen who may argue that you cannot secure active customer cooperation in the securities business. Yet, there are securities men who are doing it all over the country. There are salesmen who actually make most of their sales either to old accounts or to NEW ACCOUNTS THAT HAVE BEEN PRACTICALLY ALL BUT SOLD FOR THEM BY THEIR CUSTOMERS BEFORE THEY EVER MAKE THEIR FIRST CALL.

You may think this is stretching it a bit but there are such cases with which we are personally familiar. Next week we are going to tell you how one salesman gets this kind of customer cooperation. The plan he uses can be made adaptable to practically any territory with the possible exception of certain very large metropolitan centers. Meanwhile—DON'T FORGET THE REGULAR CUSTOMERS. If you do they are likely to forget about you, when one of their friends asks them someday, "Do you know where I can go to buy some stocks and bonds?" And this question is once again being asked on every main street in the country—we are very pleased to report.

U. S. Needs To Borrow $33 Billion More This Year—4th War Loan Drive Possible

Secretary of the Treasury Morgenthau said on July 22 that the Treasury will probably have to borrow $33,000,000,000 before the end of 1943 but that it has not yet been definitely decided whether or not a Fourth War Loan Drive will be needed in December.

Mr. Morgenthau told his press conference that another financing drive before the end of the year will depend on the rate of Government spending and on the amount to which the $15,000,000,000 Third War Loan Drive, starting September 9, is oversubscribed.

In Associated Press Washington advices it was also stated:

"The Treasury has already obtained $2,700,000,000 in notes and $900,000,000 in certificates from banking sources since July 1 and will add approximately $1,200,000,000 from its normal weekly bill operations, for a total of $4,800,000,000.

"Regular war-bond sales apart from the Third War Loan Drive, were expected to total $4,000,000,000.

"Thus, the September drive, if only the actual goal is reached, together with announced borrowing from banks and normal bond sales, would account for $23,800,000,000, leaving an additional $9,200,000,000 needed before Dec. 31—but only $3,200,000,000 if the War Loan drive hits the 40% over-subscription mark of the two earlier drives.

"The Treasury has estimated that its spending in the last six months of this year would be $52,000,000,000 as against $43,000,000,000 in the first half, and that its revenues would be $19,000,000,000, as against $14,500,000,000 in the January-June period.

"Should a December drive be decided upon, Treasury officials stressed that it would be intended to provide funds for a year-end carry over as well as to meet the 1943 deficit.

Sees No Need For Compulsory Savings

Secretary of the Treasury Morgenthau, in a letter to Col. Franklin D'Olier, President of the Prudential Life Insurance Co. and Chairman of the War Finance Committee of New Jersey, recently declared that one of the great advantages of the present voluntary method of selling War Bonds is that it is "flexible enough to permit Bond buyers to continue meeting vital commitments for life insurance, mortgage payments, and other non-inflationary investments, at the same time digging deeply into funds not needed to meet such requirements."

Secretary Morgenthau's letter, releasedJuly 21 in Washington, where Col. D'Olier had gone to confer with Mr. Morgenthau and the National Bond Sales organization on plans for the Third War Loan, was written in reply to a communication from the New Jersey chairman. In his letter, Col. D'Olier said that current publicity discussing compulsory savings is harmful not only to the sale of Bonds, but to the sale of other non-inflationary investments. He said that "to the extent that the discussion discourages the voluntary purchase of War Bonds, it is contributing toward inflation." He urged "that the premature discussion of compulsory savings, whatever its virtues, should not be permitted to hamper the great flow of voluntary anti-inflationary investments." Col. D'Olier also said "all voluntary savings where the proceeds are ultimately invested in Government Bonds, are very powerful anti-inflationary forces," and "nothing should be done to discourage such savings." He specifically listed the payment of life insurance premiums, mortgage payments and the payment of debts as anti-inflationary forces. He stated that "the discussion at this time of compulsory savings unquestionably would seriously affect voluntary savings. Patriotic incentives of voluntary effort should be maintained, if at all possible."

In his reply, Secretary Morgenthau stated that "Congress has made it clear that any tax bill passed in 1943 would not be retroactive on 1943 income. Even if Congress should decide eventually that a compulsory lending plan would help to control inflation, it seems only reasonable that serious discussion of such a plan should be postponed, in fairness to the millions of patriotic Americans who are supporting the voluntary system, until we are faced with some need to make a decision." The Secretary continued:

"As you no doubt know, many of us believe that consideration of any sort of legislative savings plan should wait until there is some indication that the same or better results in obtaining funds from non-inflationary sources **cannot** be achieved by the voluntary method. There is no such indication at this time. We have exceeded our goals in each of the two War Loan drives, and have raised $7,000,000,000 from individuals in the first six months of this year.

"One of the great weaknesses of a compulsory savings plan is its lack of flexibility. To get from a compulsory savings plan as much as we can get through the voluntary method would bear with crushing weight on those with fixed incomes and heavy commitments, who are least able to afford it. That is one reason people who have such savings should support the voluntary method to the fullest extent."

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Canadian Securities

By BRUCE WILLIAMS

Reminiscent of the early development days in our great South West is the report last week from Northern Alberta. There the Athabasca test well of East Crest and Davies Petroleums "blew in" under its own pressure.

The well is now under control and will remain closed pending Conservation Board tests.

Gas pressure was reported to be very great and indications are that the well will be a substantial producer. The significance attached to this result lies in the successful completion of what promises to be the first producer in a new area.

In the light of this development it is interesting to contemplate the future of the Canadian North West, a vast, virgin territory rich in natural resources—the last great frontier on this continent.

* * *

Another phase of Canada's development reminiscent of this country's growing pains around the turn of the century is the present political controversy over Aluminium, Ltd. While Canada has never gone in for trust-baiting in a big way, the rapid growth of the Aluminum "Trust" is providing fuel for quite a political bonfire.

Under wartime pressure Aluminium, Ltd. has developed some of the greatest hydro-electric and aluminum producing properties in the world at Arvida and Shipshaw. Advance payments on aluminum purchased were made by the U. S., Great Britain and Australia to help finance these properties. The agreements, including one with the Canadian Government, are such that they permit the company to write off its entire wartime expansion in a period of 2½ years. When these write-offs are completed at the end of 1944, it is likely that Canada will be able to undersell the world in aluminum.

The assets of Aluminium, Ltd. have soared from a pre-war figure of $70 million to over $350 million. While the company has been prevented from reaping huge profits by operation of EPT, how much it will benefit from its new plant facilities after the war is anybody's guess. The figures show that the company's enterprises in Canada have been, since 1937, very profitable. That they should become even more profitable on an immensely expanded capital base after the war is a possibility which forms the crux of the present squabble.

* * *

J. Blyth Taylor, for the past year special assistant in the Department of Finance, Ottawa, has organized the firm of Taylor, Deale & Co., at 64 Wall Street, to specialize in Canadian securities. Mr. Taylor is well known among Canadian bond men and will have the best wishes of the group for success in his undertaking.

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Canadian Economic . . Activities At Record

Canada has begun the second half of 1943 with her economic activities at the highest level in her history, the Bank of Montreal states in its July 22 "Business Summary." The bank states that the physical volume of business, according to the index compiled by the Dominion Bureau of Statistics, shows that in the first five months of 1943 productive operations advanced by about 20% over the level for the similar period of 1942, reflecting the influence of the continued expansion of the operations of war plants.

Continuing the bank says:

"Figures published by the Department of Munitions and Supply reveal that from July 14, 1939, to June 30, 1943, war contracts and commitments on British, Canadian and other accounts had reached a total value of $8,914,359,567, a figure which would be increased by some hundreds of millions of dollars if letters of intention and unvalued acceptances of tenders were included. To this total, the contracts, including plant extensions, placed on Canadian account, contributed $4,266,254,061, while contracts placed by the Civil Aviation division for the construction of airports for the Commonwealth Air Training Plan accounted for an additional sum of $47,895,869. Contracts placed and commitments made on behalf of the British Government for supplies and for the plant extension programme, plus orders for these plants, had an aggregate value of $3,702,964,187, while the value of contracts placed on other accounts was $897,245,450. It is estimated that at least 55% of the total national production is now devoted to war purposes and that 70% of the industrial output is required for them. This proportion is not likely to diminish much until the war ends but the effort to enlarge industrial capacity is being slackened and at present the Government's programme of plant extension is less than half what it was a year ago."

Pres. Cannot Commit U.S. To Post-War Intl. Bank Without Constitutional Amend., Says Dr. Spahr

(Continued from first page)

to obligations relating to the settlement of the war."

In setting out certain provisions of the Constitution, Prof. Spahr observes that "the weight of evidence would seem to be on the side of the view that the treaty-making power under the Constitution is limited by those restraints contained in the Constitution against the action of the Government or its departments and that such power does not extend so far as to authorize what the Constitution forbids."

Reference is also made in Prof. Spahr's paper to the section of the Constitution governing the power of Congress "to coin money, regulate the value thereof, and of foreign coin, etc.", as to which Prof. Spahr says: "Since the Constitution definitely reposes in Congress the power over our currency, this appears sufficient to prevent action by treaty which would remove from Congress its responsibilities under the Constitution for our monetary system. It is not necessary that the Constitution specifically forbid such action by treaty." Prof. Spahr further comments: "It seems reasonably clear, therefore, that the President, by treaty, with the consent of the Senate, cannot place in the hands of an international body a power which the Constitution specifically places in Congress."

In concluding his paper Prof. Spahr says:

"Few of those who are advocating or condemning current international banking proposals, such as the Keynes or Treasury plans, are dealing with this Constitutional issue. For example, few of those who support the Keynes or Treasury proposals are making clear whether their advocacy stands in the event that it should prove necessary to amend the Constitution in order to make one of those plans effective. At the same time, some condemnations of one or both of these plans suggest that the condemnation is solely or largely on the ground of Constitutional obstacles. Clarity on the point as to whether advocacy of a plan is dependent upon its constitutionality does not necessarily depend upon whether one expresses an opinion on the probable necessity of amendment to our Constitution."

Aside from this concluding paragraph, Prof. Spahr's paper follows in full:

Thus far in the discussions of the Keynes and Treasury plans for a post-war international bank little attention has been given to the question of whether, under our Constitution, this country, by treaty or executive agreement, can participate in such a plan without amendment of our Constitution.

First of all, our Constitution provides as follows with respect to treaty-making powers:

Article 2, Section 2, paragraph 2:

"He [the President] shall have the power, by and with the advice and consent of the Senate, to make treaties, provided two-thirds of the Senators present concur. . . ."

Article 6, paragraph 2:

"This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under Authority of the United States, shall be the supreme Law of the Land. . . ."

63 Corpus Juris, page 829, sec. 5, has the following to say relative to the treaty-making power under the Constitution:

"**Scope of Power and Subjects of Treaties.** Generally speaking the treaty-making power extends to all proper subjects of negotiation between the governments of different nations. As expressed in the Constitution of the United States the treaty-making power is in terms unlimited, and subject only to those restraints which are found in that instrument against the action of the government or its departments and those arising from the nature of the government itself and of that of the states. To what extent it is thus limited has been considerably discussed without being definitely defined, no treaty having ever been declared by the courts to be void.* It would seem clear, however, that the treaty power does not extend so far as to authorize what the Constitution forbids, or a change in the character of the government . . . and, in general, that **the limitation on the treaty-making power is sufficiently comprehensible to include all acts which might seek or tend to impair or destroy the constitutional functions exclusively conferred upon the federal government and its several departments. . . .**" (Boldface mine.)

In the **Cherokee Tobacco Case**, 11 Wall. 620 (1870):

"It need hardly be said that a treaty cannot change the Constitution or be held valid if it be in violation of that instrument. This results from the nature and fundamental principles of our government."

In **United States v. Rockefeller**, 260 Fed. 347 (1919):

". . . This power [of the United States government to make treaties] extends to all subjects usual to treaties, to all within the international domain, to all of international concern and negotiation, but limited, nevertheless, to subjects and treaties not inconsistent with our system of government, with the relations of the states and the United States, with the federal Constitution. . . ."

In **Geofroy v. Riggs** et al., 133 U. S. 267; 10 S. Ct. 295; 33 L. Ed. 645 (1890):

"The treaty power, as expressed in the Constitution, is in terms unlimited except by those restraints which are found in that instrument against the action of the government or of its departments, and those arising from the nature of the government itself and of that of the States. It would not be contended that it extends so far as to authorize what the Government forbids, or a change in the character of the government or in that of one of the States, or a cession of any portion of the territory of the latter, without its consent."

The weight of evidence would seem to be on the side of the view that the treaty-making power under the Constitution is limited by those restraints contained in the Constitution against the action of the government or its departments and that such power does not extend so far as to authorize what the Constitution forbids. Nor can the treaty-making power, in the words of **Corpus Juris**, "impair or destroy the constitutional functions exclusively conferred upon the federal government and its several departments."

The Constitution, in Article I, Section 8, paragraph 5, provides that "The Congress shall have the power to coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures."

This provision would appear to come clearly within the interpretations and conclusions set forth in **Corpus Juris.** Since the Constitution definitely reposes in Congress the power over our currency, this appears sufficient to prevent action by treaty which would remove from Congress its responsibilities under the Constitution for our monetary system. It is not necessary that the Constitution specifically forbid such action by treaty. Specific assignment of duty and responsibility under the Constitution would appear to prohibit any other action. This view is supported by the basic constitutional principle that our central government is one of specific and delegated powers, and that all others are reserved by the people to the states and to themselves.

It seems reasonably clear, therefore, that the President, by treaty, with the consent of the Senate, cannot place in the hands of an international body a power which the Constitution specifically places in Congress. The Senate is not Congress. The President and the Senate are not Congress. If Congress could constitutionally pass a law to put this power over our currency in the hands of an international body, then the President and Senate, by treaty, could make effective the will of Congress. But it seems quite clear that Congress could not legally do this by statute under the Constitution.

All these observations apply to treaties.** The matter of Executive agreements raises another but relatively simple question. Senator Vandenberg recently stated the essence of the matter when he said that such agreements "lack authority of law until they are translated into ratified treaties." (**Congressional Record**, March 11, 1943, p. 1895.)

In recent debates on the reciprocal trade agreements, Congress took the position that the President could exercise the power to enter into these agreements only with the consent of Congress.

In the discussions of the lend-lease agreements, Senator Vandenberg, of the Senate Foreign Relations Committee, pointed out in substance that only the constitutional body elected by the people could make such agreements valid. "The Senate Committee on Foreign Relations," he said, "here registers its conviction—and I may add that the action of the committee was unanimous in respect to those in attendance—that these commitments do not bind our legislative bodies—as is the obvious constitutional fact. . . . The Executive has the unquestioned right to negotiate. Only the Congress can commit." (**Congressional Record**, March 11, 1943, p. 1895.)

From the **Congressional Record**, Dec. 3, 1942, pp. 9588-9589:

"MR. VANDENBERG. What I should like to ask the able chairman of the committee [Senator Connally] of Texas, is this—and, of course, I do not want to divert him from his immediate text: On the general subject of the extent to which the State Department is entitled to go in making commitments by agreement, rather than by treaty, I am wondering if the able chairman, for whose opinion I have great respect, would be willing to indicate to the Senate to what extent he believes the State Department can commit the United States by agreement, instead of by treaty, respecting the ultimate treaty of peace which will conclude the pending war.

"MR. CONNALLY. The Senator from Michigan does me great honor by asking me that question. Categorically, I should say, of course, that the State Department, and no one else other than the President of the United States, with ratification by the Senate, can bind the Government of the United States to obligations relating to the settlement of the war.

"I should advise the Senator from Michigan that when the World War came to an end—I do not think he was a member of the Senate at that time—it was officially terminated by a Republican majority in both the Senate and the House, not by a treaty, but by a joint resolution, which I opposed and which I resisted with such powers as I then possessed, but unsuccessfully. I am sure that the Senator from Maine will recall that at that time he and I were serving in the House of Representatives. In 1920 and 1921, after the failure of the treaty in the Senate, the Republican majorities in both the House of Representatives and the Senate sponsored a joint resolution declaring the war at an end, and seeking to claim in the joint resolution such benefits as the Government of the United States might obtain from the Versailles Treaty, and acquitting the United States from all obligations under the treaty.

"My view now is just what it was then.

"MR. VANDENBERG. I thank the Senator for his very frank statement. If he will bear with me for a moment further, I should like somewhat to amplify my question. I am not referring to this matter capriciously or critically.

"MR. CONNALLY. I understand.

"MR. VANDENBERG. I am greatly interested in the fundamental principle involved. I should like to know to what extent we are being committed by, and by the same token to what extent the United Nations can rely upon, agreements which are made in our name.

"The Associated Press, describing the new Canadian-American agreement, says:

" 'The agreement, embodied in an exchange of notes made public tonight by the State Department, sets forth the principles which will guide the governments of the two countries in approaching the problem of economic settlements after the war.'

"The question in my mind is whether the State Department by an exchange of notes with a foreign power can commit the Government of the United States, without the advice and consent of the Senate, and without a treaty of peace, to economic settlements after the war.

"MR. CONNALLY. Of course, 'economic settlements' is a very broad term. If the Senator refers to tariffs, for instance, of course the State Department can not bind us by treaty with reference to tariffs, because tariffs must be enacted by the Congress. A tariff—if that is what the Senator refers to—requires action by the House of Representatives as well as by the Senate.

"MR. VANDENBERG. I thank the Senator. My opinion is the same as his own.

"MR. CONNALLY. I recognize, as the Senator must recognize, that there are certain executive agreements which do not rise to the dignity of treaties and do not impose obligations on the governments participating unless, in pursuance of such executive agreements, the governments do voluntarily, mutually, the things the executive agreement covers. There is the border line between a formal treaty and an executive agreement which provides, for instance, 'We will send our warships over to the Mediterranean if you will send us certain quantities of wheat from Canada,' and things of that kind. The line is somewhat shadowy; but the Senator from Michigan need not fear, so far as the Senator from Texas is concerned, that the Senator from Texas will not maintain what he thinks are the rights of the Senate in regard to the ratification of treaties and in regard to the conduct of our international relations. That is a pretty broad statement, but that is about as accurately as I can make it."

When the President, in his silver-purchase proclamation of Dec. 21, 1933, referred to the silver agreements entered into in London July 20, 1933, and to the separate and supplemental agreements entered into with certain other countries, he used these words: "Now . . . finding it proper to cooperate with other governments . . . and to carry out the understanding between the 66 governments that adopted the resolution hereinbefore referred to [resolution giving rise to London agreements of July 20, 1933]; by virtue of the power in me vested by the act of Congress above cited [Thomas amendment of May 12, 1933], the other legislation designated for national recovery, and by virtue of all other authority in me vested; I . . . [etc.]." Here the President was unable to assert that these agreements were part of the law under which he claimed that he was authorized to act.

The CHRONICLE invites comments on the views expressed by Dr. Spahr, in this article, or on any related phases of the subject under discussion. Comments should be addressed to Editor, Commercial and Financial Chronicle, 25 Spruce Street, New York.

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*Relevant to this point, **Corpus Juris** says (63 C. J., p. 832, sec. 10): "Treaties may, of course, be modified or annulled or abrogated only by those in whom such authority is vested, and the courts may not modify, alter, or amend, or in the absence of a showing that a treaty provision violates the federal constitution, abrogate or annul or disregard a treaty provision. . . . Where the department of the government authorized to annul a voidable treaty deems it best that it shall continue in force, the courts may not declare it void. In the United States, although the treaty-making power is vested in the president with the consent and approval of the Senate, yet as an act of Congress is equally the law of the land, and, in case of conflict, will control a prior treaty, Congress may suspend or abrogate or render ineffective the provisions of a treaty, either directly or indirectly."

On the treaty-making powers under our Constitution, a recent and useful analysis, using materials and reaching conclusions similar to those presented above, is that found in **Memorandum on S. 469, prepared in pamphlet form by **Frost** and **Jacobs**, Attorneys for the United States Shoe Corporation (Union Central Life Building, Cincinnati, February 8, 1943).

Bill Proposed To Repay War Contractors

Senator Murray (Dem., Mont.), Chairman of the Senate Small Business Committee, announced on July 18 that soon after Congress reconvenes he will introduce legislation to guarantee war contractors early reimbursement of all funds spent on production.

In a report submitted to the Committee he said it is impossible for prime contractors to obtain immediate and final payment from the Government.

United Press Washington advices annearing in the "Wall Street Journal," further reported:

After the war, he said, almost $75,000,000,000 in contracts will be terminated which means that without adequate legislative machinery hundreds of contractors will have spent millions for which they have not been reimbursed.

Mr. Murray said his bill would incorporate these provisions:

1. Mandatory advance payments before settlement to contractors and sub-contractors.
2. Advance payment of at least 75% of the amount certified by the contractor or sub-contractor.
3. Advance payments to be made within 30 days after certification.
4. The authority for procurement agencies to make direct loans or provide loan guarantees against terminated contracts.
5. The right of a contractor to sue the Government if he does not receive the minimum amount within stipulated period.
6. The establishment of uniform contract termination policies by the chairman of the War Production Board.

The Stock Market Outlook and Investment Policy

(Continued from first page)

recommend common stocks with confidence. Common stocks have now recovered from the bargain levels; the risks are much greater, the appreciation possibilities much less and the average yield is on the low side. Current decisions must rest principally upon the outlook for the war and post-war prospects, judged against the background of a prudent policy under current conditions.

Outlook For the War

We have no right to assume that we can judge very accurately when the war will end. We actually have available few of the facts. Nevertheless, there are enough indications to justify investing as though the war with Germany will have terminated before the end of 1943.

Germany is in a situation today not unlike that of the Spring and early Summer of 1918. The submarine menace had been almost eliminated. Germany had completed a number of offensives but without much success, and it had become quite evident that she could not break the Allied lines. Germany had exerted her maximum offensive strength, while the Allies had gained in relative strength.

The last major German offensive started Monday, July 15th. It was apparent by the third day that the offensive could not make progress. A day later, the Allies counter-attacked with immediate success. It was quickly believed that the enemy could not attempt another offensive that year, and there developed a strong feeling of confidence in the outcome. Nevertheless, in late July, informed opinion held that to expect "that the invader will, or can, be driven out of France and Belgium during 1918 is the highest of improbabilities."

The German military tactics had been to conduct offensives after long waits between blows, during which they would reorganize and prepare sledge-hammer striking power. The Allies were now in position to attack continuously. Germany was unable to replace her casualties; she could not replace her material as fast as it was being destroyed. In contrast, the Allies were more than able to replace the loss of men and material. By late August, it had become apparent that the views toward the ending of the war held only a few short weeks earlier were completely wrong and that termination was approaching rapidly.

Germany's recognition of the weakened situation was conceded by a sudden change in her stated war aims. Previously, she was fighting to destroy her enemies. Now, her leaders proclaimed that their aim was defense, while that of the enemies was one of annihilation.

This review of the culminating phase of World War I helps us to interpret the phase of World War II that we are now in. As Franklin D. Roosevelt, then Assistant Secretary of the Navy, said while on a trip to England in August 1918: "As everybody now knows, the submarine has ceased to be a menace, and it has dropped down into the category of accidents so far as marine transportation of the Allies is concerned." So today, it is publicly announced that we have largely eliminated the destructive power of the submarine. While there have been times when we have had to allow for the loss of as much as one-third to one-half of our shipments, today we have the ships and our losses are relatively inconsequential. The submarines may return again, but surely their sting is gone.

It appears reasonable to say that Germany has largely, if not almost completely, spent her offensive strength. In this war, as in the previous one, Germany's military tactics have been to prepare for and make sledge-hammer blows. In this type of operation, the initial impact is the most powerful. They were overwhelming in 1940; almost so in 1941 and still mighty strong in 1942. Today, Germany is only effectively attacking the United Nations line in Russia and after almost two weeks of the new offensive, the report suggests little progress and at a high cost. Unless the offensive succeeds — and each day lessens its chances — it can probably be said with assurance that the enemy cannot break the United Nations line.

In contrast to this is the position of the United Nations. Their production of war materials allotted to the European War exceeds greatly that of the enemy. With the opening of the Mediterranean and the apparent victory of the North Atlantic, they are able to move the tremendous quantities of supplies and numbers of troops. Their stores have been built up. They are now probably able to continuously attack, and while waging attack on one or more European fronts, currently replace all losses and continue to build up their fighting power. It is likely that the enemy cannot replace fully her losses. Her absolute fighting power is almost certainly below a year ago. The wear and tare of almost four years of war and Allied bombing of production facilities and communications will prove to have been of decisive importance in the inability of the enemy to replace losses. Again, as in the Summer of 1918, the enemy is changing her announced war aims. Germany started out to destroy her enemies, but now she is fighting to defend herself, while her leaders proclaim to their subjects that the war aim of the United Nations is one of annihilation. To so alter her aims is to admit defeat of her cause.

In many ways, it looks as though it will take a long time to finish the fight. But, fundamentally, Germany is in a very vulnerable position:

1. Her battle lines are greatly extended. This spreads her forces widely and tremendous economic effort is needed to service them.

2. After almost four years of war, she must have used up great amounts of her limited resources. This curtails her ability to maintain sustained battle, and necessitates the choosing of when to exert her maximum effort. Such need for caution can be fatal.

3. She is rapidly losing in relative fighting strength, as discussed previously.

4. She is fighting wars on two sides, either of which could probably withstand all the fighting power Germany has left, and the growing forces in the West alone could in time defeat her.

5. Most of Germany's early victories were facilitated by political dissension, that she helped to create, and sabotage. The United Nations are now able to turn the war of propaganda and dissension against Germany and her satellites.

6. Germany is sitting on an explosive structure of subjugated peoples that at the given moment will rise up and help immeasurably in destroying the enemy. The paratroopers will hardly be necessary to disrupt the rear.

Once the enemy lines commence to break, it is likely that the sides will crush in like a punctured balloon. The subjugated interior will explode and the world will see that the "European Fortress" is but an imaginary vision of the Hitlerites. This would be a fitting climax for the blitzkreig beginning.

It seems impracticable to attempt visualizing at this time the final phase of the war in the Pacific. It will be influenced greatly by developments yet undeterminable. What will Russia's policy be toward Japan? If it could be assumed that she will join the fight, it would no doubt be an avalanche. When we consider that the security of the Empire of Japan is based upon the Sea, and that the combined navies of Great Britain and the United States alone will be more than five times hers; that Great Britain and the United States alone will have many times more war planes than Japan, and the ability to produce more in one month than she can in one year, it seems reasonable to assume that the problems of the post-war period will commence with the end of the European War.

Post-War Outlook

There are many reasons to support the opinion that in the period following the immediate-ending-of-the-war-readjustment, conditions could become more favorable for high stock prices than they were in 1936 and early 1937. The rise in stock prices since the portance. However, it would be by developments of long-term importance. However, it would be unwise to fix our vision upon the possible green pastures in the distance and then overlook the canyon in between until we were tumbling over the side. With the defeat of Germany, violent revolutions may spread over Europe. Harmonizing the objectives and desires of Russia on the one hand, and principally those of Great Britain and the United States on the other, may be difficult indeed. At home, we will have our problems. Between late 1937 and early 1938, the Federal Reserve Board index of industrial production declined from 120 to 80. As we remember, it was upsetting. As a minimum, that record will be shattered by the declining phase of business following the end of the European War. This will bring in its wake many difficulties. It would seem unreasonable to go into such a period of readjustment in other than a cautious investment position. If in the midst of the period of readjustment, the favorable longer-term possibilities appear dominant, we could then adjust our accounts accordingly and be on solid ground.

A Prudent Policy Under Current Conditions

A superior investment performance is not predicated necessarily upon our ability to judge accurately the pattern of business or the movement of the markets, but in being able to do about the right thing at about the right time. In early 1937, when corporate earnings were near their peak, and when investors were still looking ahead, the Dow Jones industrial average sold at about seventeen times that year's earnings. The high times earnings ratio for 1936 was about 18½. At current prices, the Dow Jones industrial average is at about 15½ times earnings. If the average were to advance to 160, it would be at 17 times our estimate of earnings. In view of the prospect that earnings have reached their peak for the war period, and that we are faced after the war with some difficult readjustments, it would seem reasonable to assume that the market would not exceed this level. The war low in the Spring of 1942 was about 95. Since then, the market has advanced about three-quarters of the distance toward this possible upside limit; (the word "possible" is used in place of "probable" because we cannot have more confidence than that in the figure.) It has been a little over fourteen months since the war low was made. If the market were to complete its upward move by the coming Winter, it would have already been in an upward phase for about three-quarters of the period of time.

We conclude that, looking at the situation in a general way, the market has probably completed at least three-quarters of the possible distance between the war-market-low and the war-market-high.

If we have completed this proportion of an important upward trend in the market, it is clear that investment accounts should be in a more cautious position than justified heretofore. The situation cannot be compared with 1937 and 1938. During that period of readjustment, the whole economic structure deteriorated. Except for a few industries, like the gold mines, everything moved downward. It is practically certain that the stocks of a number of companies can be held with assurance that the companies will soon be reporting satisfactory earnings, even though the overall output of industry is declining. Balancing the possible influences, as we can at this time, it would seem reasonable to have our average account invest about 40% in common stocks on the basis of this approach alone. With our investments almost entirely in companies that are strong financially and are surest to do well in a period of deferred demand, the long-term risk at current prices would seem small.

The news of victories and the growing hopes that this dreadful struggle may soon come to an end, creates an atmosphere of cheerfulness and optimism. Unless stocks have advanced to where the ending of the war has been over-discounted, it would be quite natural for the stock market to advance. In view of this, and the possibility that this movement may have further time and distance to go, it would seem reasonable to invest a moderate additional amount in common stocks on the basis of this prospect alone. An additional 10% of the accounts would seem justifiable. This would give us a total position of about 50%, which is our current policy. It does not pay to have too fixed ideas about when we will make adjustments in the future. As a logical approach, however, it would seem wise to plan on selling the second unit of 10%, regardless of whether prices have advanced above these levels, once there develops definite signs of the Axis lines giving way on both the Eastern and the Western fronts. This could mean that the time element is very short and possibilities of a further advance would be lessened. This would be especially true if the market had not had a previous intermediate readjustment. Also, if by then the market has risen to 150-60 Dow Jones industrial average, we may wish to reduce the longer-term 40% position. The best stock becomes speculative at a price.

There is a third approach to be considered. The 40% and the additional 10% are approved on the basis of current prices in relationship to the longer-term outlook, and the possibility during the period of favorable war news that the market might advance somewhat further. If the stock market, judged by itself, looked as though it were in a strong position to move forward, some funds could be invested on this basis alone, possibly up to an additional 10%. The market does not justify the additional investment now, in our judgment. To justify investing additional funds in stocks, considering the phase of the market that we appear to be in, the possibilities of the trend of the market being up should be much more than 50-50.

We should review the individual securities in each of our accounts and make the adjustments necessary in order that our individual holdings will be in keeping with the general policy.

Byrnes Sees Hope For More Civilian Goods

James F. Byrnes, Director of War Mobilization, expressed the hope on July 21 that more supplies for civilian use may be made available.

In disclosing at his press conference that his office is conducting a survey of war production and procurement programs, Mr. Byrnes stated that the primary objective of the study was to assure the best use of available manpower and materials for the war effort. He explained that in the early stages of the war procurement officials may have placed large contracts which now are not required in such great quantity and that the changes in these programs may release some materials for civilians.

Reference was also made by Mr. Byrnes at his press conference on July 21 to the new Office of Economic Warfare, (created by the President) headed by Leo T. Crowley "must consult the State Department in every field to determine what is the foreign policy of the United States."

The new Office directed by Mr. Crowley combines the former activities of Vice President Wallace's Board of Economic Warfare and Secretary of Commerce Jones's foreign purchase corporations. The creation of the OEW was noted in our issue of July 22, page 332.

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for special
occasions!
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Minnesota Savings-Loan Ass'ns Have Maintained Steady Growth

By VERNON STAFFORD WELCH

General Counsel and Executive Vice Pres. Minnesota Savings & Loan League, Minneapolis, Minnesota

Endowed with enormously rich natural resources, Minnesota boasts a land of agriculture, mining and lumbering. It claims some 10,000 lakes and prides itself in being the vacation land of the nation. The geographical center of North America lies within its boundaries. The largest iron mines in the country are located here as well as the largest state park forest area.

Vernon S. Welch

Amid this rich background of wealth and beauty have settled a people from all the countries of the globe, a peace loving people who have retained that progressive and pioneering spirit which has helped to build and create this great nation and this great state. As business and industry have progressed, and as the farmers, laborers and capitalists have acquired wealth and prosperity, banking and financial institutions have prospered. As the people founded this newly created wealth, the desire for the security and possession of their own lands and own homes became dominant; and likewise, the desire to provide for their future. This progressive and forward-looking spirit has accounted for the establishment of state owned, permanent trust funds of nearly 124 million dollars. It is only natural that Savings and Loan should prosper, grow and develop in this environment.

Out of the years, Savings and Loan has taken its place in the community as a "commodity service" organization serving and encouraging those who wished to provide a savings for their future needs, and making it possible for others to own their own homes at a moderate cost—a truly American principle. For over 50 years, the statutes of the state of Minnesota have permitted the incorporation of savings and loan associations. The Legislature has always been kind to this type of business enterprise. Various amendments improving methods of operation have been offered to the original act and in 1939 the present Building and Loan Code was adopted. Your correspondent, who is a member of the Legislature, had a part in this effort.

Savings and Loan has progressed a long way since the first charter was accepted, prior to the turn of the century. The growth of these associations has been very slow and yet very positive. They are operated as mutual institutions and all investors and all borrowers are permitted a voice in the management of their associations. It is probably this mutual aspect and the incumbent responsibilities and duties imposed upon the management that accounts for the ultra-conservative methods of operation. The Boards of Directors are made up of outstanding citizens in their respective communities. The stability and integrity of these associations is evidence of the wide acceptance of this type of financial enterprise. Today there are some 76 associations operating throughout the state. Of these, 26 are federally chartered, and 30 operate under a state charter. They represent total assets in excess of $112,000,000. They have prospered in nearly every county of the state, in both large and smaller communities. In the Twin City area alone, comprising Minneapolis and St. Paul, three of the largest associations in the country exist, each with assets over $20,000,000. One of these associations is state chartered and the others Federal. A great many of the associations throughout the state are members of the Federal Home Loan Bank system, where is provided a home loan credit, mortgage reservoir of funds to which each member institution may apply as the occasion warrants. A great many other associations have become members of the Federal Savings and Loan Insurance Corporation in which the share accounts of its member institutions are insured against loss in the amount of $5,000. On June 30 of this year the associations in the Twin Cities alone distributed a semi-annual

(Continued on page 416)

Minn. Savs. League Inducts Officers

At the annual meeting of the Minnesota Savings and Loan League, the newly elected officers and board members were inducted.

E. Raymond Hughes

E. Raymond Hughes, of the Mankato Building and Savings Association, became president. Other officers are: E. C. Duncanson, Home Federal Savings and Loan Association of Spring Valley, First Vice-president; Homer E. Chase, Albert Lea Building and Loan Association, a new member on the board, Second Vice-President; W. R. Mahood, Northern Federal Savings and Loan Association of St. Paul, Treasurer; Miss Louise A. Barker, Steele County Building and Loan Association of Owatonna, Secretary.

Other members of the board are Vernon Stafford Welch, Executive Vice-President, and Stanton H. Dahlon, Past President of the League.

The Minnesota League is affiliated with the United States Savings and Loan League, of which the majority of the state members are also members.

Real Estate Lenders Warned Against Estate Tax Lien Ruling

The Mortgage Bankers Association on July 25 warned institutions and individuals lending money on real estate that they face a serious and heretofore unforeseen threat to their real estate mortgage investments if they lend on the security of real estate which has theretofore been owned, either wholly or in part, by an individual who has died within the ten years preceding the making of the loan. Under a recent ruling of the Supreme Court, it is held that the Federal Government's lien on real estate for unpaid estate taxes can be enforced against a mortgagee or a purchaser under foreclosure even though the lien has never been recorded.

"Stripped of legal phraseology, a Government lien against a property for unpaid Federal estate taxes is superior to the rights of a mortgage holder—even though the Government's lien was not recorded; and, in fact, it need not be recorded, as the Supreme Court decision indicated," said Charles A. Mullenix, Cleveland, Association President. "The lien for Federal estate tax continues for ten years. Thus it would seem that a lender, under this new interpretation, may walk into a trap because he cannot foresee that the Government may, in effect, have a secret lien for unpaid estate taxes. The matter is greatly complicated by the fact that there are so many regulations and methods by which the Government determines the property upon which estate taxes shall be paid."

Mr. Mullenix said the Association was studying the problem further with the hope of being able to offer some constructive suggestions as to how the matter might be corrected. The most obvious solution, he added, would seem to be to amend present law to require filing of Federal estate liens as any other lien must be. He added that, based upon his present understanding of the matter, he could not see why this could not be done. Because of the special conditions and regulations under which they are made, the hazard does not affect mortgage insurance on FHA loans, it has been established, Mr. Mullenix added.

New Savings And Loan Group Organized In NY

The new Insured Savings and Loan Council of New York State held its organization meeting at the Hotel Commodore in New York City on July 8. Represented at the meeting were 43 insured associations out of a total of 108 in the State. These associations have assets upwards of $184,753,610, or almost 56% of the assets of all insured savings and loan associations in the State.

E. Clinton Wolcott, of Rochester, Chairman of the Organizing Committee, presided at the sessions.

John H. Fahey, Commissioner of the Federal Home Loan Bank Administration, spoke at the dinner-meeting on "Opportunities and Obligations Confronting In-

(Continued from page 415)

FIRST FEDERAL
Savings and Loan Assn.
OF MINNEAPOLIS
809 Marquette Ave.
MINNEAPOLIS, MINN.

FINANCIAL STATEMENT
as of June 30, 1943

RESOURCES

First Mortgage Loans	$3,728,775.40
Loans Secured by Savings in this Association	6,300.00
Home Purchase Contracts	45,110.41
Federal Home Loan Bank Stock	37,500.00
Real Estate Owned	5,460.08
Mortgages Subject to Redemption	749.05
Furniture and Office Equipment	7,215.95
Other Resources	4,560.50
United States Government Bonds	900,000.00
Cash	102,198.47
	$4,837,869.86

LIABILITIES

Savings and Investment Share Accounts	$4,725,266.03
Loans in Process	16,207.93
Reserves and Undivided Profits	93,479.87
Other Liabilities	2,916.03
	$4,837,869.86

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Savings and Loan Association
ST. PAUL
MINNESOTA

Write for further Information:
AXEL A. OLSON, Exec.-Secretary

TWIN CITY FEDERAL SAVINGS & LOAN ASSOCIATION
Eighth and Marquette Minneapolis, Minn.

Comparative Financial Statement
AS OF JUNE 30, 1943 AND JUNE 30, 1942

ASSETS

	June 30, 1943	June 30, 1942
First Mortgage Loans and Contracts	$17,058,074.12	$15,321,423.86
Loans Secured by Pledge of Accounts	7,950.46	15,566.65
Federal Home Loan Bank Stock	160,800.00	160,800.00
U. S. Government Bonds	4,251,965.94	327,464.57
Furniture and Fixtures	35,000.00	34,100.00
Real Estate Owned	None	36,951.08
Cash on Hand and in Banks	880,101.73	643,851.79
Total	$22,393,892.25	$16,540,157.95

LIABILITIES

	June 30, 1943	June 30, 1942
Savings Share Accounts	$18,739,308.61	$13,798,799.79
Investment Share Accounts	2,120,700.00	1,904,050.00
Advances from Federal Home Loan Bank	500,000.00	None
Reserves	440,105.62	369,107.09
Undivided Profits	300,020.82	235,396.26
Mortgage Loans in Process	285,333.30	225,652.63
Other Liabilities	8,423.90	7,152.18
Total	$22,393,892.25	$16,540,157.95

June 30, 1943 Dividend at the Rate of 3%

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SAFETY OF YOUR INVESTMENT
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St. Paul Minnesota

Accounts Insured
Dividends Assured

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Peoples Federal
SAVINGS AND LOAN
ASSOCIATION
64 South Fourth St.
Minneapolis, Minn.

STATEMENT OF CONDITION
First Federal Savings and Loan Association
OF SAINT PAUL
as of June 30, 1943

ASSETS

First Mortgage Loans		$2,882,854.31
Loans on Passbooks and Certificates		5,850.00
Property Sold on Contract		103,352.76
Real Estate Owned		6,346.06
Investments and Securities		
U. S. War Bonds	$360,112.00	
Federal Home Loan Bank Stock	42,800.00	402,912.00
Cash on Hand and in Banks		216,580.22
Equipment, less depreciation		7,819.17
Other Assets		482.69
Total Assets		$3,626,197.21

LIABILITIES and RESERVES

Savings & Investment Share Accounts	$3,371,666.92
Loans in Process	3,830.01
Other Liabilities	7,925.89
Reserve for Dividends Payable July 1, 1943	46,986.90
Surplus and Reserves	195,787.49
Total Liabilities	$3,626,197.21

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HENNEPIN FEDERAL
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704 MARQUETTE MINNEAPOLIS

(Continued from page 414)

sured Savings and Loan Associations."

Graph charts and figures as explained by John E. Farwell, President of the Geneva Federal Savings and Loan Association, showed the percentage of net increase over Dec. 31, 1937, in amounts of savings held by principal type of savings institutions in the State of New York as follows:

87 insured savings and loan associations had an increase of 97% over this period.

147 uninsured savings and loan associations had an increase of 17%.

Postal savings had an increase of 8%.

All mutual savings banks had an increase of 6%.

Further study of the charts showed the estimated proportion of mortgage loans made by savings and loan associations in the State of New York for the year 1942 was 20% of all the loans.

In an address made by Homer N. Calver, Public Relations Counsel and former Secretary of the New York State Savings and Loan League, it was interesting to note that in a public opinion poll taken by him that only 55% of the public knew or had ever heard of savings and loan associations, and in further inquiry it was remarkable to know that 56% did not know that there was any difference between a savings and loan and a building and loan association.

Gardner Taylor, President of the First Federal Savings & Loan Association of New York, who was just appointed Chairman of the Post-War Planning Committee of the United States Savings and Loan League, spoke on "Post-War Planning" and stressed the important part to be played by the insured savings and loan associations of this State. The associations pledged to finance new building construction under the post-war plan in this State to the extent of $250,000,000 a year.

The election of a Governing Board of the Council was announced on July 13, composed of the following:

George Bliss, President of Railroad Federal Savings and Loan Association, Chairman; Leon Fleischmann, President of the Ninth Federal Savings and Loan Association; Arthur Knapp, President of Nassau Savings and Loan Association; Selden W. Ostrom, President of New Rochelle Federal Savings and Loan Association; Joseph Holzka, President of Northfield Savings and Loan Association; Ernest Courette, President of First Federal Savings and Loan Association, Syracuse; Richard A. Greer, Secretary of White Plains Federal Savings and Loan Association; Frank A. Nolan, President of Colonial Federal Savings and Loan Association, and Floyd Cramer, Vice-President of Washington Heights Federal Savings and Loan Association.

It is reported that the Council will soon appoint a full-time salaried President to manage the new organization.

President Signs Bill To Limit War Fees

A bill to prevent the payment of excessive fees or compensation in connection with the negotiation of war contracts was signed by President Roosevelt on July 14. The legislation, an outgrowth of an investigation conducted by the House Naval Affairs Committee, subjects earnings of the agents, in excess of $25,000 to Government scrutiny and renogotiation if found to be too high.

The bill passed the House on April 20 and the Senate on July 7. It is a substitute for a bill introduced last year which would have prohibited the payment of any contingent fees for services in procuring Government contracts.

Savings And Loan Ass'ns Have High Earning Rates, Low Operating Cost

By W. W. McALLISTER

Putting money to work through the channel of a financial institution sooner or later focuses the spirit of inquiry on the earning power of that institution. Most financial institutions which have weathered many decades in the American economic system have evolved a general pattern of earnings and expenses which by now seems inherent in their particular type. For the savings and loan associations there has evolved an inherently low cost of keeping shop which combined with an inherently high gross earning power of the assets explains why their dividends manage to stay on a higher basis than investments of comparable quality. This is true even at a time like the present when their rate of dividends is lower than it has been and will quite probably go lower still in the wake of the continued abundance of savings.

W. W. McAllister

The operating expenses of an average savings and loan association drain off 26.39% of the gross operating income. This is the figure for 1941 recently computed by the Federal Home Loan Bank Administration in its survey of operating ratios of nearly 4,000 member institutions of the Federal Home Loan Bank system. A comparable figure for member commercial banks of the Federal Reserve system shows that their operating expenses in 1941 ate up 50.6% of the earnings. Just released figures on the 1942 ratio (not yet available for savings and loan) place it at 50.4% for the commercial banks.

What are the physical facts of the operation of a savings and loan association which enable it to pare down the cost of putting the investor's dollars to work? The savings and loan association has fewer transactions to handle, per dollar of assets, than other types of financial institutions. Anyone can see that there would naturally be less activity on a savings and loan share account than on a checking or savings deposit in a bank for example. Fewer transactions to handle in relation to income result also from the fact that the chief earning assets of these institutions consist of monthly amortized mortgage loans, averaging somewhere between $2,400 and $3,000. Thus the entire loan portfolio of an average-sized savings and loan association ($1,000,000) necessitates transactions on only 300 to 400 loan accounts.

Moving into the sphere of their inherently high earning power as institutions, we find that savings and loan association have the advantage of substantial earnings on a larger proportion of their assets than is customary in the non-speculative financial world. First mortgage loans, practically the highest yielding all-round security today, plus real estate contracts, also relatively high-yield investments, brought in 90% of the income of the associations in 1941. Concentration on the real estate loan field brings advantage as far as operating costs are concerned. The necessity is eliminated for the savings and loan association tó maintain complete departments for investment analysis, studies of the market and other current investment data which an institution must have to do more diversified types of lending.

Another phase of the relatively substantial earning power of a savings and loan association has to do with the percentage of its overall resources which it can keep at work. Benefits come to the association on this score because of the contractual relationship with the borrower which provide for monthly payments on the principal. Because of the regular inflow of payments on loans, the institution can get along with less balance sheet liquidity (which is costly in terms of idle funds), and at the same time maintain a liquidity relationship with the investors comparable to that of an institution with considerably more non-earning cash on hand. A further advantage here, of course, is the nature of the savings and loan investment. There is no mixing of the concepts of savings accounts and active accounts, so that except in emergencies, such

(Continued on page 416)

Mich. S. & L. League Elects New Officers

At its recent annual meeting held in Detroit, the following were elected officers of the Michigan Saving and Loan League:

Thomas C. Mason

President, Thomas C. Mason, Grand Rapids Mutual Federal Savings and Loan Association; First Vice-President, Joseph G. Standart, Detroit Surety Savings and Loan Association; Second Vice - President, Don W. Seaton, Detroit and Northern Michigan Building and Loan Association of Hancock; Secretary-Treasurer and Executive Manager, Grant H. Longenecker, Lansing, Mich.; Directors, W. R. Crissey, Midland Federal Savings and Loan Association; Walter Gehrke, First Federal Savings and Loan Association of Detroit; Wendell C. Gates, Industrial Savings and Loan Association of Battle Creek; and James I. VanKeuren, Capitol Savings and Loan Company, Lansing.

Leaves Lend-Lease Post

John Cowles, special assistant to E. R. Stettinius, Jr., the Lend-Lease Administrator, has resigned his post to return to private life as President of the Minneapolis "Star Journal and Tribune," it was announced on July 21.

Mr. Cowles, who had been with Lend-Lease since January, went to North Africa and England last Spring on a Lend-Lease survey mission for Mr. Stettinius. He said that in his opinion "Lend-Lease has done an outstanding job."

Labor Draft Plan Is Being Readied: McNutt

Paul V. McNutt, Chairman of the War Manpower Commission, declared on July 19 that a compulsory labor draft bill will be ready "if and when" it seems necessary and the Administration is ready to demand that national service legislation be enacted.

Mr. McNutt told his press conference that the WMC is "working on" the subject now, as it was before, and that "if the need arises, the machinery will be ready." He declined to say whether the Administration would back a labor draft bill but there have been hints that renewed consideration will be given to such legislation after Congress reconvenes in September.

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Statement of Condition

JUNE 30, 1943

ASSETS	
Mortgage Loans	$12,639,623.68
Share Loans	30,272.35
Cash on Hand and in Banks	666,942.49
U. S. Government Securities	1,502,000.00
Federal Home Loan Bank Stock	250,000.00
Home Office Building	291,760.77
Real Estate Subject to Redemption	9,632.58
Furniture and Fixtures	37,426.07
Deferred Charges & Other Assets	25,900.62
	$15,453,558.56
LIABILITIES	
Savings & Investment Share Accounts	$12,707,740.46
Federal Home Loan Bank Advance	1,975,000.00
Loans in Process	23,168.95
Payments by Borrowers for Future Taxes & Ins.	261,204.71
Other Liabilities	4,409.79
Reserves & Undivided Profits	482,034.65
	$15,453,558.56

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SAVINGS AND LOAN ASSOCIATION OF DETROIT

War Responsibilities Of Savs.-Loan Ass'ns To Be Subject Of League Conference In Chicago

The second war conference of the United States Savings and Loan League will be held in Chicago, November 30 and December 1, with two full days devoted to the war time responsibilities of the savings and loan institutions and no time off for socializing. This is the announcement made by Ralph H. Cake, Portland, Oregon, President of the League.

Ralph H. Cake

He indicated that a session on these institutions' purchase of government securities to help finance the war would occupy equal prominence on the program this year with the discussions of their loans for war housing and of their sale of war bonds to the public. Government officials in charge of these activities in which savings and loan contributes to the war program will be asked to address the conference.

Belief that it is not too early for the associations to start discussing what their part can be in maintaining a maximum of employment in the home building industry after the war was expressed by Mr. Cake. He said that the war conference would probably touch upon the post-war planning in savings and loan which looks in that direction, and for which a committee has already started functioning.

In line with policy adopted last year by the League board of directors the savings and loan business is sidetracking its regular convention set-up and instead calling together for this conference the leaders in the various localities who will have the responsibility of maintaining the war program of the business full speed ahead for the duration. State chairmen of the drive for investment of $300,000,000 this year in Government securities will be among those in attendance as will also the savings and loan men who have served on bond selling committees, Victory Fund committees, and in local war housing responsibilities. Mr. Cake pointed out that the associations are already assured of going considerably over their goal in Government security purchases this year and that they have sold an estimated $600,000,000 of war bonds to the public.

The board of directors and executive council of the national organization will meet November 29 for a full day's session.

Savings-Loan Ass'ns Operating Costs Low

(Continued from page 415)

as the 1933 crisis, the associations can form a pretty accurate estimate of what money will flow out and in (from borrowers) during a given month. Meanwhile its liquidity line in emergencies has been enhanced by the creation of the Federal Home Loan Bank system which has been in operation the past ten years.

Finally a savings and loan association's rate of return is attracted away from the floor level of the capital market by the nature of its distribution of earnings. Holders of share accounts get all the earnings over and above an adequate allowance for anticipated losses. Because it is a cooperative financial institution, the savings and loan association has no residual owner to be rewarded with an equity dividend. There is no one class of investment in use by the association which would benefit by a reduction of the earnings paid on the rest of the money in use by the association. Therefore the only factors which are taken into consideration in gauging dividend rates in the association are its actual earnings and its needs for reserves. Reserves have been increased substantially in the associations the past few years and this policy has been one of the bases for the smaller sum of money distributed as dividends this June 30 than last June 30, $71,000,000 as against $81,000,000, according to reliable estimates. It is interesting to note that the reserves of savings and loan associations were an estimated 8% of assets on December 31, which means that these protective accounts in the associations had reached a position of equality with the capital, surplus and undivided profits accounts of all insured commercial banks which were 7.3% as of Dec. 31, 1942. Bear in mind that the reserve has no claim on any future earnings of the association. There are associations in this country which have such substantial reserves that their earnings on the dollar volume of reserves are sufficient to pay their entire operating expenses. In such situations net earnings, except for small additions to reserves, can be distributed in toto to the holders of share accounts.

While it is true as mentioned above that savings and loan association dividend rates have been undergoing a downward adjustment for the past three or four years because of lower interest rates generally and the extra emphasis on building up strong reserves and undivided profits, it seems to me that some margin of the savings and loan investment's rate of earnings over alternative investments will be maintained. Certainly it will be if all the factors discussed above retain their present influence in the picture.

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Satisfactory Progress For Canadian Crops

The Bank of Montreal, in its July 22 crop report, states that with moderate weather and beneficial rains, crops generally in the Prairie Provinces are progressing satisfactorily, but they are late and, where moisture is sufficient, warmer weather is required to stimulate growth. The bank's report further states:

"Rain is urgently required in many sections. The best prospects are in Manitoba. In the dry areas of Alberta and Saskatchewan recent rains have improved prospects but yields will be light. Coarse grains are making good progress. Flax is in bloom, with weed infestation heavy in some fields and rust reported in parts of Saskatchewan. There have been hail losses in some districts. Insect damage is small. Sugar beets are in fair to good condition. In the Province of Quebec, crops are making good progress and the outlook is favorable for average yields in most districts. Harvesting of an excellent hay crop is under way. Pastures continue in very good condition. Roots are progressing favorably and average yields are anticipated. Apples are sizing well and small fruits are promising. In Ontario, crops generally continue to show good growth under satisfactory weather conditions, although rains are needed in a few eastern areas. Cutting of fall wheat has commenced in some districts; while the yield will be below normal, the quality is good. Spring grains are heading out well but straw is short and returns will be considerably less than average. Corn and roots are making satisfactory progress. In the Maritime Provinces, satisfactory progress is being made by the crops, and though the season is late, prospects for average yields are favorable. In British Columbia, crop prospects generally have been much improved by warmer weather. Yields indicated for cherries, prunes and black currants are high; for apples, pears and grapes fair; and for peaches and apricots low. Root crops are showing good growth."

Minnesota Savings-Loan Associations Have Maintained Steady Growth

(Continued from page 414)

dividend to over 100,000 members, of earnings amounting to $1,094,936 and have shown a net increase of assets the first six months of 1943 of over seven and three-quarter million dollars ($7,732,650). During this same period these associations have established tremendous reserve accounts. This, it is hoped, will provide a back-log for the ultimate demands that will be made upon this type of thrift and home financing institution for home construction needs in the post-war period. Since the entrance of this nation into the war, savings and loan institutions have been deprived of financing new construction home loans. Governmental regulations and restrictions, of course, have curtailed mortgage loan volume. However, despite these conditions, our associations have maintained a favorable mortgage loan level and from indications, most of the associations have maintained their mortgage portfolio as of June 30, favorable to that of December last. This is true largely in metropolitan areas and is due to increased activity in the sale and purchase of older homes.

Savings and Loan has been a stimulating factor in carrying out the Government's war program and in encouraging thrift and savings during this war period. Our institutions have provided a counter force against the inflationary spirals that threaten our economy. In addition, most savings and loan institutions in this state have qualified for the sale of War Bonds. While the public was putting more money into savings and loan associations than ever before in their history, they were also buying War Bonds at a record rate. Minnesota associations have sold nearly $10,000,000 worth of War Bonds and Stamps since the first of the year and have themselves purchased an equal amount of Government bonds and securities. They have made a further contribution to the war effort in sending over fifty of their young men into the different branches of military service. The jobs that these young men have left will remain open for them on their return. All the benefits that they have enjoyed in their employment, remain secure. Most associations are continuing their salary payments on an adjusted scale and those that have pension funds are keeping up payments for these young men and women while they are away.

Many problems related to the war effort and war conditions have confronted our management in the past months. Management in turn has had to revise its thinking along many different lines. As we look to the future, we are today planning and providing for the time that we may enjoy the fruits and benefits of a prosperous post-war era when private enterprise may again take its rightful place in our economy. Every indication of Governmental planning and of business research points to a vigorous post-war housing program. Advertising firms have been quick in recognizing this factor in their emphasis on the "House of the Future" in their advertisements. Civic groups, in their planning, have likewise recognized the great need for home construction. A recent survey estimated that 66% of the people of this nation plan on owning their own homes after the war. Much of the savings now accumulated in our associations will be diverted to financing the purchase and construction of new homes. The tremendous sums available in banks and savings and loan institutions, together with an ever-increasing high national income forecasts a period of brisk business activity immediately following the war. Savings and loan management is preparing for these changes and will be ready to meet the challenge when it comes.

Savings and loan associations offer the opportunity for personal initiative, private capital and free enterprise. One of the four freedoms for which this country is fighting, is the right to own a home and the land upon which it rests. Our institutions through their 112 years of existence have stood out as the guardian of that right. What could be more appropriate than the motto: "The American Home, the Safeguard of American Liberties." This is the key, the basic and fundamental principle, upon which savings and loan associations in this state and throughout the nation have prospered.

Much of the activity of the savings and loan industry in the state is centered around the Minnesota Savings and Loan League, a state-wide, trade organization. The League celebrated its 29th anniversary at its annual meeting on June 17 with a one day streamlined war-conference, at which present day policies and post-war planning were featured. All but 10 of the associations in the state are members of the League and up to the present time, it has been the policy of the League to service all of the associations regardless of membership. Rather elaborate executive offices are maintained in Minneapolis under the direction of your correspondent. Besides the annual meeting, a mid-winter conference is held each year in February and district meetings are conducted in the fall.

May Non-Farm Mtg. Recordings Higher

During May, recordings of non-farm mortgages of $20,000 or less amounted to $327,092,000, a 6% gain over April and marking the third consecutive month in which mortgage activity has increased, the Federal Home Loan Bank Administration reports. The May total was about 6% below the figure for the same month last year and 25% less than in May 1941, largely reflecting the shrinkage in construction loans, the announcement (issued July 10) explained; it added:

"Mutual savings banks reported the largest proportionate gain for the month, which was 16%; other types of lenders experienced rises of 4% to 9%. Savings and loan associations accounted for about ⅓ of the May recordings. Individual lenders and the bank and trust company groups followed with 21% and 20% of the aggregate.

"For the first 5 months of 1943, recordings were nearly 19% below last year and 24% less than in 1941. Declines of more than 26% from 1942 were reported by insurance companies, commercial banks and mutual savings banks, while the total for individuals dropped only 1%. Among institutional lenders, savings and loan associations showed the greatest resistance to the general decline with an amount only 14% less than in 1942.

"The number and amount of mortgages recorded during May, by type of lender, are as follows:

	Number	Amount	%
Savings and loan associations	36,161	$107,221,000	33
Ins. companies	4,781	24,435,000	8
Banks and trust companies	18,738	65,688,000	20
Mutual savs. bks.	3,463	12,940,000	4
Individuals	31,260	70,054,000	21
Oth. Mortgagees	13,279	46,754,000	14
Totals	107,682	$327,092,000	100

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Reserve Fund	6,150,000
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Aggregate Assets 30th Sept., 1941 £150,939,354

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Celebrates 20th Birthday

Twin City Federal Savings & Loan Association of Minneapolis, Minn., have published a handsome illustrated booklet entitled "20 Million In 20 Years" showing its growth to $20,029,211.87 as of March 19, 1943.

Officers are A. M. Blaisdell, Chairman, Roy W. Larsen, President, Henry Rines, Vice President, B. N. Bell, Secretary-Treasurer. Copies of this booklet may be had from the Association on request.

Smith & Gallatin To Admit

Smith & Gallatin, 11 Wall Street, New York City, members of the New York Stock Exchange, will admit Blanche A. Smith and Prentice K. Smith to partnership in their firm as of August 5.

Senator Vandenberg Criticizes Views Of Wallace—Other Comments On Latter's Speech

At Grand Rapids, Mich. on July 27, Senator Vandenberg (Republican of Michigan) said that Vice President Wallace's Detroit speech suggested an "official administration premise" that "our only patriots are those who swallow globaloney with a gulp." Mr. Wallace in his Detroit Speech July 25 declared against opponents of the domestic policy of President Roosevelt and, as was noted in the Associated Press he stated that some call these groups "isolationists," others call them "reactionaries" and still others, seeing them following in European footsteps, call them "American fascists." He defined them as "small but powerful groups which put money and power first and people last."

As to Senator Vandenberg's views anent the remarks of Mr. Wallace, the New York "World Telegram" printed the following (Associated Press) from Grand Rapids:

The Senator said Mr. Wallace's speech invited the inference that any American "who does not support his (Mr. Wallace's) total, post-war international philanthropy" and "his galloping domestic dreams" is a "sort of subversive Fascist."

Mr. Wallace, speaking Sunday, described the world as "one family with one future" and attacked what he called "American Fascists," though naming no individual.

"An American," Mr. Vandenberg said, "can faithfully support legitimate and sympathetic post-war co-operation — indispensable to effective victory—and still fall short of sharing all the Wallace schemes to give America away."

Commenting on the assertions of Vice-President Wallace, Senator Gerald P. Nye of North Dakota told reporters at Washington on July 26 that it seemed clear to him that Mr. Wallace was attempting to shape the vital issue of the next Presidential campaign between so-called interventionists and isolationists. The Associated Press, from which we quote, further reported in part:

"Such an issue would at least let the Administration take the public mind away from the embarrassing messes the Administration has left in its path during these late years," Mr. Nye declared. "But as one non-interventionist I would be quite willing to go to bat on what Mr. Wallace called the isolationist front. . . .

While Senator George L. Radcliffe of Maryland said that he supported Mr. Wallace's idea that Americans must begin now to plan for peace and to shoulder their responsibilities toward rehabilitation of the post-war world, he added that there was nothing to be gained by impugning the patriotism of the so-called "isolationists."

"I'm not prepared to assume that because a man has isolationist views that he is putting money and power ahead of human rights," said the Senator, who has in the past supported the Administration's foreign policies. "I don't think it is helpful to say that because a man doesn't agree with my views he is selfishly inclined." . . .

Senator Ellison D. Smith of South Carolina, a critic of the Administration's domestic policies, said he thought that the Vice-President had shot "the wrong bird" when he defined "American fascists."

"The people of this country are going to get a chance to decide which group put power and money before the best interests of the American people," he said.

Wm. Perry Brown Nominated To Head NSTA Again; Program For Chicago Meeting

The nominating committee of the National Security Traders Association announces the following slate of nominees for the term 1943-44:

President: Wm. Perry Brown, Newman, Brown & Co., New Orleans; 1st Vice President: B. Winthrop Pizzini, B. W. Pizzini & Co., New York; 2nd Vice President: Jerome F. Tegeler, Dempsey, Tegeler & Co., St. Louis; Secretary: Edward H. Welch, Sincere & Company, Chicago; Treasurer: Russell M. Dotts, Bioren & Company, Phila.

The Arrangements Committee has also announced the following program for the Association's annual meeting to be held on August 20-21 at the Palmer House in Chicago:

Friday, August 20—
9:00 A.M.—Registration.
10:30 A.M.—National Committee Meeting.
1:30 P.M.—Municipal Meeting (speaker to be announced).
4:00 P.M.—Railroad Forum, Speaker — Patrick B. McGinnis, Pflugfelder, Bampton & Rust.
6:00 P.M.—Cocktails.
7:00 P.M.—Dinner.

Saturday, August 21—
10:30 A.M.—National Committee Meeting Election of Officers.
1:00 P.M.—Luncheon.
2:15 P.M.—Corporate Forum (Speaker to be announced).
4:15 P.M.—Cocktail Party.

The Committee on Arrangements is composed of: Edward H. Welch, Sincere and Co., Chairman; Leo J. Doyle, Doyle O'Connor & Co.; Larry Higgins, Hulburd, Warren & Chandler; Henri Pulver, Goodbody & Co.; Ralph Randall, Mason, Moran & Co.; Richard Simmons, Lee Higginson Corp.; and Thompson Wakeley, A. C. Allyn and Co.

Mid-Continent Airlines An Interesting Situation

The current situation in Mid-Continent Airlines, operator of the "Great Plains Route," a strategically situated air route likely to become an important beneficiary of post-war global air line expansion, offers attractive possibilities according to a memorandum issued by Ward & Co., 120 Broadway, New York City. Copies of this interesting memorandum discussing the prospects for Mid-Continent in detail may be had upon request from Ward & Co.

A. F. Gooding With Dain

(Special to The Financial Chronicle)

MINNEAPOLIS, Minn.—Arthur F. Gooding has become associated with J. M. Dain & Co., Rand Tower. Mr. Gooding was recently with Goldman, Sachs & Co. in Chicago. Prior thereto he was with Smith, Barney & Co. and Otis & Co. in Cleveland. In the past he was connected with Blair & Co.

Jacques Le Bermuth In Army

Jacques C. Le Bermuth, formerly in the investment brokerage business in New York City, has been inducted into the U. S. Army and is now stationed at Fort Benjamin Harrison, Indiana, where he has begun basic training at the Finance Replacement Training Center.

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Bank and Insurance Stocks

This Week — Bank Stocks

By E. A. VAN DEUSEN

Two weeks ago this column tabulated the indicated earnings of leading New York City banks, as calculated from their mid-year statements, and compared the results with the six months' indicated earnings in 1942. This week, similar comparisons are made for some of the leading banks in other Reserve cities.

As in the case of New York City banks, these banks also show improved earnings over 1942, and again the reason is found in the rapid expansion of earning assets resulting from the Government's war financing program. The following table shows the changes that have taken place over the past year and a half in the principal assets of Federal Reserve member banks, as reported from the Federal Reserve districts noted.

(In thousands of Dollars)

District	Commercial Loans	Total Loans	Gov't Securities	Total Investments	Total Loan & Investments
BOSTON DISTRICT—					
Jan., 1942	432	788	591	703	1,491
June, 1942	451	796	750	887	1,683
Jan., 1943	363	656	1,381	1,491	2,147
June, 1943	379	597	1,872	1,981	2,578
Increase	---	---	$1,281	$1,278	$1,087
			217%	182%	73%
PHILA. DISTRICT—					
Jan., 1942	291	551	589	856	1,407
June, 1942	290	537	644	899	1,436
Jan., 1943	250	454	1,075	1,315	1,769
June, 1943	236	438	1,480	1,688	2,126
Increase	---	---	$891	$832	$719
			151%	97%	51%
CLEVELAND DIST.—					
Jan., 1942	425	880	1,203	1,473	2,353
June, 1942	430	867	1,377	1,651	2,518
Jan., 1943	386	757	1,988	2,259	3,016
June, 1943	374	741	2,633	2,895	3,636
Increase	---	---	$1,430	$1,422	$1,283
			119%	97%	55%
CHICAGO DISTRICT—					
Jan., 1942	964	1,433	2,227	2,793	4,226
June, 1942	929	1,370	2,706	3,283	4,653
Jan., 1943	858	1,247	4,508	5,059	6,306
June, 1943	865	1,228	5,252	5,841	7,069
Increase	---	---	$3,025	$3,048	$2,843
			136%	109%	67%
SAN FRAN. DISTRICT—					
Jan., 1942	497	1,157	1,167	1,496	2,653
June, 1942	493	1,111	1,282	1,577	2,688
Jan., 1943	463	1,006	2,189	2,487	3,493
June, 1943	443	949	2,866	3,172	4,121
Increase	---	---	$1,699	$1,676	$1,468
			146%	112%	55%

It will be observed that in all districts commercial loans and total loans have declined, but that investments in Government securities have expanded enormously, while total loans and investments show very substantial growth. It is of interest to compare the increases shown for each district with the increases experienced by New York City member banks over the same period, as follows:—$6,433,000,000 in Governments, or 92%, and 50% in total loans and investments.

We now turn to indicated earnings of individual banks in the various districts, as disclosed by their statements of condition.

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	Indicated Earns. Per Share —First Six Months— 1942	1943	Book Value 6-30-43	Half Year Div.
	$	$	$	$
BOSTON—				
*First National	1.17	1.42	42.87	1.00
National Shawmut	0.51	0.55	38.83	0.50
PHILADELPHIA—				
Corn. Exchange National	1.18	2.26	62.72	1.00
Fidelity Philadelphia Trust	6.75	11.26	303.24	4.00
†Girard Trust	1.73	2.61	38.70	1.00
‡Pennsylvania Co.	0.92	1.20	27.45	0.80
Philadelphia National	3.21	3.38	69.26	2.50
CLEVELAND—				
National City	0.91	1.50	35.14	0.60
CHICAGO—				
Continental Illinois National	3.11	4.46	83.12	2.00
First National	9.50	11.48	282.67	5.00
Harris Trust & Savings	8.98	11.57	330.11	6.00
Northern Trust	13.55	14.23	495.24	9.00
SAN FRANCISCO—				
American Trust	1.33	1.60	48.48	1.00
Bank of America	1.98	2.16	31.07	1.20

*Includes Old Colony Trust. †Seven months ending June 30. ‡Six months operating, ending May 31.

(Continued on page 418)

Managing A Business For Stockholders Through The Vicissitudes Of Inflation

(Continued from page 402)

Treasury in handling the war financing, and this organization should have authority.

(8) The Federal Government, each State, each County and every business should be obliged to set up a strong, capable organization to have ready workable plans for the return to peacetime enterprise under private initiative and individual responsibility.

(9) Every cost possible should be lifted from the backs of the individual and from private business, and every encouragement given to the greatest possible production under free, independent and private enterprise.

(10) Re-educate Government officials and employees, college professors, State and local officials, labor leaders, farm leaders, business men, editors, bankers and brokers in the simple and truthful fundamentals of sound money and credit; the necessity for the best interest of all concerned of paying all debts in sound money; the economics of production, costs, trade and international exchange values.

I wish we would adopt an economic and financial policy as sound as Prime Minister Churchill outlined for England in his radio address March 21.

I trust that these hasty notes will in some measure give you my ideas of what should be done immediately. Of course, if we could go back to 1932 or even to 1939, I believe that many of the present economic and social problems and future difficulties could have been avoided, but now we must accept conditions as they are and go on from here.

Very sincerely yours,
IVAN WRIGHT.

BRADFORD H. WALKER

President,

The Life Insurance Company of Virginia, Richmond, Virginia

Bradford H. Walker

I have just read the article by Dr. Ivan Wright, entitled "Managing a Business for Stockholders Through the Vicissitudes of Inflation."

I think Dr. Wright hit the nail on the head when he said: "Most new eras have finally turned out to be old mistakes."

The terrific taxes, combined with the high cost of living during inflation, history shows have brought poverty to the mass of consumers. This has been followed by severe deflation, as happened after our last two wars.

As I see it, the great problem we will face after the war is the probably continued high cost of doing business. After the pent-up demand has been satisfied there will naturally be a gradually lowering sales volume, which in turn will be followed by lower prices caused by keen competition.

We went through one "New Era" where we were told many managed prices, etc., would prevent another depression. This was followed by the worst depression in our history.

So far I believe no country has been able to completely control inflation, for which we apparently are surely headed.

Must corporations, financial institutions and individuals carry this crushing load of public debt without any relief? It seems to me it is like a man with a heavy sack of meal on his shoulders—he can carry it just so long before the weight beats him down.

One solution is compulsory saving by non-negotiable certificates. This would spread the debt over all taxpayers and freeze it for a determined length of time. After this the law could be written to arrange that a certain percentage of these non-negotiable certificates would be redeemable annually, beginning five years after date.

After this war comes a great problem of factories geared to an enormous production, with high labor costs. Of course, there will be a great demand from people with savings accounts or bonds. After this the excess production will have to fight declining prices caused by keen competition.

Can this country live on its own fat, so to speak, and if not how are we going to meet foreign labor competition?

To attempt to hold our own wage scale must the answer be a 30-hour week?

Then again where will we come out in the long run, after foreign factories begin to produce on their low wage scale?

The attitude of many people is like the man who has taken off half the roof of his house and sees black clouds appearing on the horizon, and then hopefully tells his family he is sure the storm will not come over that way.

My constant business trips take me over a large part of the United States, and I am both surprised and alarmed at the complacent way that many people are facing the future, saying: "Oh, everything will be all right after the war."

C. H. PHINIZY

President, Georgia Railroad Bank & Trust Company, Augusta, Ga.

C. H. Phinizy

I read it with a great deal of interest and was very much impressed with his presentation of both sides of the question, which is very perplexing. The conservatism recommended is in accord with our policy, maintaining strong liquid position and no long-term commitments, due to our inability to determine what may happen at the cessation of hostilities.

HENRY M. BACH

Steiner, Rouse & Company

I have been much interested in reading the article by Dr. Ivan Wright entitled "Managing A Business for Stockholders Through the Vicissitudes of Inflation." I note that page 9 contains the following:

"No doubt you have read that corporations producing raw materials such as copper and oil are good inflation hedges. They may be and they may not be at all. If such a producer of raw materials, which has rich deposits, is out of debt and is strong with cash and can avoid debts during the period of rising costs and prices, it may be one of the best inflation hedges. But how many such companies do you know? There are almost none."

I'm wondering if Kennecott Copper would not meet the Doctor's requirements in every respect. According to their balance sheet of Dec. 31, 1942, current assets amounted to $220,972,967, of which cash and Government securities totaled $155,931,654, as against current liabilities of $61,630,699.

The company has no funded debt, and is the largest producer of copper in the United States. Reserves for depreciation are over one-third the listed value of mining properties, railroads, steamships, plants and equipment. It is my impression that depletion charges are very much on the conservative side insomuch as New York State refuses to recognize deductions in dividends received on account of depletion.

I appreciate that it is not easy to find too many companies that will fill all of Dr. Wright's requirements but it does seem to me that Kennecott Copper is one of them, and while International Nickel and Anaconda Copper are not quite as strong, they also shape up pretty well.

Editor's Note: When shown the above letter Dr. Wright commented as follows:

"Mr. Bach is quite right. Kennecott is strong enough and has ample liquid resources to pay its taxes and costs for a long time and avoid financial trouble during a period of depression such as is sure to follow a major inflation. At what price the stock would sell during this period, his guess is as good as mine. But the company should be able to survive. Anaconda and International Nickel are likewise companies with natural resources and amply strong financially to survive."

HON. CLIFFORD R. HOPE

Representative in Congress from Kansas

C. R. Hope

"Managing a Business For Stockholders through the Vicissitudes of Inflation" is a masterpiece and I am putting it out for further study and reference during the Congressional recess.

R. E. WOODRUFF

President, Erie Railroad Company

Robert E. Woodruff

Dr. Wright's article, "Managing a Business for Stockholders Through the Vicissitudes of Inflation," is interesting and includes a great deal of food for thought upon the possible effects of inflation.

G. L. JENKINS

Commissioner of Finance, State of Idaho

I am very much impressed with the article and I feel that it sets forth the devastating effect of inflation in its true light.

EDWARD C. ROMFH

President, The First National Bank of Miami

E. C. Romfh

Dr. Wright's article sets forth lucidly and impressively the evils of inflation, and I wish we had more such sound thinkers.

Condemns Proposal To Wipe Out Over-The-Counter-Markets

I have read with great interest in your issue of July 22 the letter written to Congressmen and Senators by Mr. Taylor, President of the Baltimore Stock Exchange, urging the abolition of the over-the-counter markets and also the very strong article written by Mr. Vernon Hughes in support of the over-the-counter market. For the sake of millions of investors, small and large, as well as for the benefit of hundreds of investment dealers who are engaged in serving the needs of these investors, it is very important that this subject be clearly understood by the public as well as by the legislators and regulatory bodies.

It would be a sad day for the investor if the over-the-counter market should be eliminated. The National Association of Securities Dealers is doing a commendable job in policing transactions to see that unreasonable profits are not made in such transactions. It is my observation that booms and panics in the market prices of securities originate almost entirely in the listed markets. High-speed, speculative, trading creates the unhealthy boom which always carries in its wake the makings of a distressing panic, and the non-professional investor is always the "goat."

The natural and sensible way to market anything is by negotiation. It is well known in financial circles that large blocks of even the most widely distributed stocks can neither be purchased nor sold on the Exchange at the market without distortion which creates a loss to both the purchaser and seller. This fact may not be known to the members of Congress in general, nor to the public, but every one certainly knows that the public auction block is the poorest way to secure a fair and orderly price for anything that is to be sold.

If this subject could be thoroughly analyzed and fairly considered, the decision, no doubt, would be that if anything should be eliminated by legislation or regulation, it would be better for the investing public to have the Stock Exchanges eliminated and the over-the-counter business allowed to continue with reasonable supervision and regulation.

It is obvious to every one that the large individual or institutional investor must turn to the over-the-counter market to buy or sell large blocks of securities. It is also well known that the small investor, with a few hundred or a few thousand dollars to invest, is seldom—if ever—welcomed to the list of customers of the large Stock Exchange houses, and he is the one who is most in need of careful personal attention. The average investor who buys listed securities is influenced more by technical positions of the market as interpreted by chart makers than he is by fundamental values of investment; and if it were possible to compare statistics showing the percentage of such investors who consistently lose money by this process, it would be a startling disclosure.

If we are to make our security markets orderly and sound, the trend must be away from the feverish glamour and excitement generated by rapidly fluctuating quotations which are influenced almost entirely by premature "news flashes," "tips," and disorderly haste to buy or sell securities because of fear of what might happen to "the market" without regard to investment values or long-term prospects.

This all adds up to the conclusion that any laws or regulations imposed upon security dealings should be directed to encourage orderly markets for the reason that every one would benefit except those who make their living by high-speed trading accounts which jump in and out of the market with great frequency as "tips" and "flashes" are passed around with lightning speed.

A. W. Smith & Co., Inc.
Boston, Mass.
July 23rd, 1943

Wide Red Cross Aid To Soviet Union Reported

Relief supplies for the war wounded and homeless civilians in Soviet Rusia to the amount of $20,000,000 have already been provided, Norman H. Davis, National Chairman of the American Red Cross, announced July 14. Mr. Davis said that more than $10,000,000 worth of medical supplies, surgical dressings, clothing, blankets, soap and other necessities have been sent to the Alliance of Red Cross and Red Crescent Societies of the USSR. He added that arrangements have also been made for shipment of another $5,000,000 worth of hospital and medical supplies and a further $5,000,000 worth of clothing, shoes and other civilian items.

Future Money Of The World

"The Future Money of the World" is the title of an attractive 54-page booklet prepared by R. V. Klein Company, 170 Broadway, New York City. This booklet concerns a vital problem affecting every owner of securities during the post-war period, and discusses the questions of what money is, how it works, how the Morgenthau-Keynes plan will affect us, and how we will pay a rational debt of probably 350 billion dollars. Copies of this interesting booklet may be had upon request from R. V. Klein Company.

Bank & Insurance Stocks

(Continued from pafe 417)

It will be noted that dividends for the half year have been covered by generous margins, except for National Shawmut of Boston which shows a relatively slim coverage. The conservative dividend policy indicated by these figures seems likely to continue for the duration of the war. For one thing, this policy allows gradual increases in capital funds to be achieved, thereby minimizing the development of a top heavy ratio of deposits to capital funds, i.e.: capital, surplus and undivided profits.

Survey of Distribution Of Bank Deposits In New York Federal Reserve District

The Research Department of the Federal Reserve Bank of New York recently made a survey of the distribution of the increase in bank deposits which occurred between December, 1941 and March, 1943, covering a limited number of the larger member banks, especially member banks outside New York City where the most marked percentage increases in deposits have taken place. The relative magnitude of the increase in deposits in the City was considerably less than in the remainder of the district, the Bank points out in its July "Monthly Review." In presenting its survey the Bank says:

"An interesting feature of the situation in New York City is that most of the increase in deposits of individuals, partnerships, and corporations during the 15 month period occurred during the first quarter of 1943. That appears to have been true not only of the banks from which these reports were received, but of New York City banks generally. Published data for 16 weekly reporting New York City member banks showed an increase of only 7% in their 'adjusted' demand deposits during all of 1942, but an increase of about 20% during the first quarter of 1943."

As to the showing in the case of the local banks the Reserve Bank states:

New York City Banks

"Reports from four large New York City banks concerning the character of the increase in their deposits between December, 1941 and March, 1943 confirmed the indications given by reports received from banks outside New York City. The relative magnitude of the increase in deposits in the City, however, was considerably less than in the remainder of the District. These four banks, which held slightly more than half of the total demand deposits of individuals, partnerships, and corporations in all New York City banks at the end of 1941, showed an increase during the fifteen months ended March, 1943 of approximately $1,300,000,000 or about 23% in such deposits—a percentage increase less than half as large as was shown by the reporting banks in other cities of the District.

"But the distribution of the increase by type of owner, while differing somewhat in detail, showed striking similarity in its general characteristics to the increase in reporting banks in other cities of the District. Classified deposits represented about two-third of the total dollar volume in the reporting New York City banks, and a slightly larger proportion in other reporting banks. In both cases nearly 70% of the total increase in demand deposits of individuals, partnerships, and corporations was in the accounts of 'nonfinancial' businesses. The proportion of the total increase in deposits attributable to enlarged deposit balances of manufacturing, mining, and construction concerns was somewhat greater in New York City than outside, while in other cities of the District deposits of public utilities and retail and wholesale businesses accounted for somewhat larger percentages of the increase in all deposits than in New York City. Insurance company deposits in each case accounted for about 15% of the total increase. Large personal deposits and accounts of nonprofit associations, clubs, churches, etc., each accounted for only 1% of the total increase in reporting banks outside New York City, and showed an actual reduction in the City."

The Bank also presented the following as to the showing outside the City:

Banks Outside New York City

"Total deposits of individuals, partnerships, and corporations with the cooperating group of banks outside New York City increased about $196,000,000, or 51% over this period. (The group of banks covered accounted for over a quarter of the demand deposits of individuals, partnerships, and corporations of all banks in the District outside New York City.) Of the deposits classified, those of concerns in the fields of manufacturing, mining, and construction accounted for 47% of the total growth in deposits. This represented an increase of 79% for this class over December, 1941.

The public utilities group accounted for 11% of the total expansion; wholesale and retail trade and dealers in commodities for about 8%; insurance companies for 15%. Altogether, the increase in deposits of business concerns accounted for 83% of the total increase.

"The pronounced increase in the manufacturing and construction group probably represents to a considerable extent enlarged working capital requirements associated with war activities. In trade, inventory liquidation undoubtedly was a dominant factor. The indicated increases in public utility balances and some of the increases in other groups doubtless reflect accumulation of depreciation reserves which cannot at this time be used for replacements. Insurance company deposits reflected the accumulation of funds for investment during the Second War Loan campaign."

The following table shows comparisons for the distribution of classified deposits between December, 1941, and March, 1943:

GROWTH IN DEMAND DEPOSITS OF INDIVIDUALS, PARTNERSHIPS, AND CORPORATIONS BY TYPE OF OWNER

(Dollar figures in thousands)

	New York City Banks				Banks outside New York City			
	Dollar amount				Dollar amount			
	December 1941	March 1943	% increase	Percentage distribution of total increase in deposits	December 1941	March 1943	% increase	Percentage distribution of total increase in deposits
Financial business—								
Insurance companies	293,070	446,469	52.3	15.5	24,367	54,524	123.8	15.3
Investment trusts & investment companies	69,254	61,447	—11.3	— 0.8	1,805	1,209	—33.0	— 0.3
Security brokers and dealers	57,097	47,946	—16.0	— 0.9	2,354	2,159	— 8.3	— 0.1
Trust funds of banks	31,435	32,321	2.8	0.1	9,519	10,827	13.7	0.7
All other	70,771	69,062	— 2.4	— 0.2	6,065	5,594	— 7.8	— 0.2
Total	521,627	657,245	26.0	13.7	44,110	74,313	68.5	15.4
Nonfinancial business—								
Manufacturing, mining and construction	1,105,048	1,687,731	52.7	59.0	116,395	208,035	78.7	46.4
Pub. util., transp. and communications	429,103	451,927	5.3	2.3	34,639	56,321	62.6	11.0
Retail & whole. trade & deal'rs in commod.	179,130	230,541	28.7	5.2	27,927	43,302	55.1	7.8
All other	136,731	169,970	24.3	3.4	10,276	14,318	39.3	2.1
Total	1,850,012	2,540,169	37.3	69.9	189,237	321,976	70.1	67.5
Nonprofit associations, clubs, churches, etc.	69,457	42,664	—38.6	— 2.7	7,202	10,044	39.5	1.4
Personal	212,091	200,235	— 5.6	— 1.2	23,376	25,519	9.2	1.1
Total classified deposits[*]	2,653,187	3,440,313	29.7	79.7	263,925	431,852	63.6	85.4
Total unclassified deposits	1,574,638	1,774,769	12.7	20.3	121,834	150,580	23.6	14.6
Total demand deposits of individuals, partnerships and corporations	4,227,825	5,215,082	23.3	100.0	385,759	582,432	51.0	100.0

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[*] In New York City banks, all accounts over $250,000 in one bank, those over $100,000 in the second bank, and all accounts in the third bank; in banks outside New York City, all accounts over $10,000 except for one bank where accounts over $25,000 were classified.

Tomorrow's Markets Walter Whyte Says—

Warnings of last week justified by market action of last few days. Nearby support still some distance away. So suggest sidelines.

By *WALTER WHYTE*

If axioms could be applied to this business of trading it would be almost axiomatic that a market which can't or won't go up on good news will go down on either bad news or an intensification of the good news. The latter, probably on the assumption that the news is too good and too rich for it's blood.

* * *

It seems almost a heresy to call the fall from grace of the "Sawdust Ceasar" bad news. Yet that is the way the market interprets it. Some circles claim this market debacle was due to the beginning of the end of this war. Be that as it may, all of us recall the pontifical statements to the effect that war was bad for business. How you can square one statement against the other is something for somebody else to worry about. This column is not interested in reasons or causes. It is interested only in effects.

* * *

For the past three weeks when the market was strong and making new highs almost daily this column warned that the end to the whole cycle was close. This was not an easy statement to make for not only was optimism riding high but the Dow averages were confirming the presence of a bull trend. Yet underneath all this optimism the market itself was trying to say that it was tired of the whole thing and wanted a rest. Inasmuch as markets seldom rest after sustained advances the resultant decline was inevitable.

* * *

As last week's column went to press the presence of new but poor buying became more and more apparent. The stocks which had given such good performances, performances which indicated more strength, refused to live up to their promises. In advancing markets it is important to watch not the market but individual stocks for top tendencies. And the stocks tô watch are those which have given better than average performance; it is such stocks that don't go down as far as the market and go up further when the market itself turns up. In a bull market such are the stocks to have. Conversely these are the ones which are barometers of an impending decline. Last week I mentioned such a group. They were Armstrong Cork, Bethlehem Steel, Borg Warner, Commercial Solvents, National Cash Register and Yellow Coach. I said all these looked higher but to "live up to their promises they must at least hold last week's gains. Any slackening to what military communiques call previously prepared positions will turn potential strength into actual weakness."

* * *

There is no point in harping on this. What has happened in the last few days is now history.

* * *

Readers of this space while they lost some money on the decline were warned far enough in advance to avoid serious losses and sleepless nights.

* * *

What will happen from here on is something else. Markets in the throes of declines don't pay attention to previously determined support levels any more than panic stricken mobs listen to reason. When suport appears and the market recognizes it I shall recommend re-entry. Until then I advise standing by with your hands in your pockets.

* * *

As of last week this column had advised the following. Reynolds Tobacco B bought at 31½ was to be stopped at 30. Having broken that figure you are now out of it. Fairbanks Morse should have been sold last week at 39 or so.

* * *

Flinkote is still above it's 20 stop price. If it breaks it act accordingly.

* * *

National Distillers bought at 31 was sold last week at about 34.

* * *

Newport just managed to shave the 17 figure at which it was to be sold. Keep your stop at 14.

* * *

Off hand the following stocks should start to act better when as and if they hit the following prices. Canada Dry 20-21; Colgate Palmolive 20-21; Crucible Steel 32-33; Republic Steel about 16-17 and U. S. Steel about 52.

* * *

It is possible that the market may firm long enough so that none of the above mentioned stocks will get as low as the prices now show. But if that is the case I'm afraid that the subsequent decline will be greater than now indicated.

* * *

More next Thursday.

—Walter Whyte

[*The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.*]

Situation Attractive

The 4% stock of Beach Creek Railroad offers interesting possibilities, according to a circular being distributed by Adams & Peck, 63 Wall Street, New York City. Copies of this circular discussing the situation in some detail may be had upon request from Adams & Peck.

Clothing Stock Looks Good

An interesting descriptive circular on Fashion Park, Inc., which the firm believes offers attractive possibilities, has been prepared for distribution by Simons, Linburn & Co., 25 Broad Street, New York City, members of the New York Stock Exchange. Copies of this circular may be had from Simons, Linburn & Co. upon request.

Attractive Prospects

First mortgage income 6s of 1954 of Oklahoma City-Ada-Atoka Railway and the first mortgage fixed and income 6s of 1954 of Oklahoma City Shawnee Interurban Railway offer interesting possibilities at current levels, according to a memorandum issued by Lilley & Co., Packard Building, Philadelphia, Pa., members of the Philadelphia Stock Exchange. Copies of this circular may be had from Lilley & Co. upon request.

Reorganization Rail Outlook Interesting

The outlook for rail reorganization bonds offers interesting possibilities according to special letter being distributed by Raymond & Co., 148 State Street, Boston, Mass. Copies of this letter may be had from the firm upon request.

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Municipal News & Notes

With many bridge commissions experiencing difficulties in meeting their obligations, due to tire and gasoline rationing, the State Bridge Commission of Ohio announced today that it will meet in full and on time all bonds maturing and interest due this year.

A report to Governor John W. Bricker by Ray Palmer, Secretary-Treasurer of the Bridge Commission, covering the first six months of 1943, shows that the Commission already has in its various bridge sinking funds sufficient balances to meet the bonds and interest due in 1943 on three of its four bridges. The fourth bridge is expected to be in a similar position by Oct. 1 when the bonds are due.

Bonds to be retired Oct. 1 are: Sandusky Bay Bridge, $125,000; East Liverpool-Chester Bridge, $125,000; Steubenville - Weirton Bridge, $90,000. The Commission also expects to pay off $40,000 of Pomeroy-Mason Bridge Bonds, which are not due until 1956.

Sinking fund balances of these bridges on July 15 were: Sandusky Bay Bridge, $188,293.80; Steubenville - Weirton Bridge, $145,523.74; East Liverpool - Chester Bridge, $117,734.15; Pomeroy-Mason Bridge, $31,618.88.

The Commission paid off $48,000 Pomeroy-Mason bonds in April and the anticipated Oct. 1 retirement will make $88,000 for the year.

In addition to the large sinking fund balances, the report shows balances far in excess of requirments in the Special Maintenance Reserve Funds and the Tax Reserve Funds. These surplus funds may also be used for bond retirement.

Reductions this year of $300,000 in West Virginia's valuation of the Commission's three Ohio River bridges, and a reduction of $290,000 last year in the valuation will mean a savings of nearly $11,000 annually in taxes. About 80% of the Ohio River bridges are inside the West Virginia border.

Following is a table showing the condition of the various bridge sinking funds and the relation of each sinking fund to Oct. 1, 1943 debt-service requirements:

Bridge	Bal. in Sinking Fund July 15, '43	Bonds & Int. Due Oct. 1, '43	Over or Short
Sandusky Bay Bridge	$188,293	$132,810	†$55,483
Steubenville-Weirton	145,523	97,393	†48,129
Pomeroy-Mason Bridge	*31,618	4,060	†27,558
East Liverpool-Chester	117,734	139,875	‡22,140

*$48,000 Pomeroy-Mason bonds were retired April 1, 1943. †Over. ‡Short.

In a covering letter to Governor John W. Bricker, which accompanied the complete detailed results of the bridge operations for the six months ended June 30, 1943, Secretary-Treasurer Ray Palmer, stated in part as follows:

"The foregoing table shows that three of the four State operated bridges already have in their sinking funds more than enough to pay Oct. 1, 1943 obligations. The fourth bridge — the East Liverpool-Chester Bridge — is primarily a tourist bridge, but at this time is only $22,140.85 short of its Oct. 1 requirements.

"In the Special Reserve Funds and the Tax Reserve Funds of all four bridges are large excesses — balances beyond requirements—which may be used for debt service in an emergency. We call attention to these surplus funds in the case of the East Liverpool-Chester Bridge only, because it is the only one of our bridges which may ever need them.

"The June 30 balance in the Special Reserve Fund of the East Liverpool-Chester Bridge was $32,191.70. This is a contingent fund as well as a reserve fund for special maintenance, and most of this $32,191.70 balance may be used for debt service by resolution of the Commission and with the approval of the consulting engineers. This fund increases $1,500 monthly.

"The June 30 balance in the East Liverpool-Chester Bridge Tax Reserve Fund was $14,548.87. This represents an excess of $8,874.37, which is available for debt service.

"It is clear that all bridges will not only meet 1943 obligations, but will carry over into 1944 good balances to help pay the bonds and interest due next year.

"In addition to the favorable balances shown, the Commission has a backlog in the Appropriation Act for the 1943-1944 biennium. The Appropriation Act gives legislative authority for loans to the Bridge Commission by the State Emergency Board of $25,000 in 1943, and $125,000 in 1944, for debt service in case of an emergency. Such a contingency appears much more remote now than it did when the legislature was in session, but the backlog is there if needed."

Municipalities Of 19 States Permitted To Establish Post-War Reserves

Municipalities of three more states—Florida, Maine and New Hampshire—were given authority by their State legislatures recently to build up cash reserve funds for public works construction after the war. This action, added to similar steps taken by seven States earlier this year, brings to 19 the total number of States whose local governmental units now have legal authority to lay aside money for the future.

Maine's legislation is unusual, the American Municipal Association said, in that it provides for a tax stabilization reserve fund in addition to the postwar cash reserve fund. The latter may be established for the construction or acquisition of capital improvements by direct appropriation or transfer of unencumbered surplus funds, with no limit on existence of such reserve funds.

Under the tax stabilization fund procedure, a city may set aside up to 5% of its total tax levy. Thereafter, if there is a deficit in the budget at the end of the fiscal year it may be made up out of the tax stabilization fund; if there is a surplus, the fund remains intact.

The New Hampshire postwar reserve law is similar to Maine's in that it authorizes municipalities to set aside funds for future capital improvements, though the authority may be exercised only by a majority vote of the legal voters present at the annual or a special town meeting. No money may be appropriated nor any surplus money transferred to the fund after July, 1945.

Besides Florida, Maine and New Hampshire, States enacting legislation this year allowing municipalities to establish cash reserve funds include Arizona, Connecticut, North Carolina, North Dakota, Minnesota, Pennsylvania and Rhode Island. The nine states enacting such legislation previous to 1943 were Oregon, California, Nebraska, New York, Michigan, Washington, Kentucky, New Jersey and Massachusetts; three of these — Michigan, New Jersey and Oregon — broadened their statutes this year.

Broadest of the laws allowing cities to set up reserve funds are those of California, Connecticut, Maine, Minnesota, New York and Washington. California cities, under a 1937 statute, may set up cash reserve funds by ordinance which specifies their use, with no limit on the amount of tax levied for the purpose; Connecticut cities may use surplus funds to build up a reserve, or they can make special levies up to 2 mills on the dollar; Minnesota cities may levy taxes, also, for support of reserve funds.

Municipalities in several States, including Wisconsin, have been setting up reserve funds for several years by charter amendment, an action authorized under home rule provisions of the states, the association pointed out.

Baltimore, Md., Tax Revenues Higher

Revenue collections of the City of Baltimore rose 4.10% to $38,503,311 for the first six months of this year, from collections of $36,989,224 in the comparable 1942 period, a report received from Herbert Fallin, budget director, showed.

Collections for the first half represented 67.76% of the $56,820,981 which the city had estimated it would obtain in 1943 from tax sources, and compared with a ratio of 64.82% of collections to estimates of a 1942 collection totaling $57,067,680.

Real estate tax collections aggregated $19,030,567 in the first half of 1943, or 72.59% of the $26,218,048 that the city expects to collect from this source in the entire year. In the first six months of 1942, real estate tax income amounted to $16,771,735 or 61.55% of estimated receipts of $27,250,503 for the entire 1942 year.

Other revenue sources included a rise in collection of delinquent taxes to $1,579,148, or 83.11% of estimated collections of $1,900,000 from this source for 1943 in full, compared with collections of $1,330,864 in delinquent taxes the first six months of 1942, which represented 57.86% of the $2,300.000 which the city expected to collect in the entire 1942 year.

California Municipal Bond Prices At New Highs

Prices of California municipal bonds continue to advance, new highs having been registered for the fifth consecutive week, according to the index compiled by the William R. Staats Company which stood, on July 23, at 138.108, equivalent to a yield of 2.15%. A week earlier the price was 137.954, the yield unchanged. The index now is comparable to the all-time high of 2.14% which was established in the latter part of 1941, just a few weeks before Pearl Harbor. Most of the issues used in the compilation of this index are now selling at prices in excess of their preceding highs, while a few are slightly under preceding peaks.

Twenty Cities Report On Utility Management

How city-owned utilities are organized and serviced, the extent of services outside city limits and ways in which utilities contribute to municipal general funds have been determined by a study of utility management in 20 municipalities.

The city-owned utilities in 13 of the council-manager cities are directly under the control of the manager, and in three cities the manager has limited control. In the two mayor-council cities included, utilities are operated by a council committee in Columbia, Mo., and by a board of public works appointed by the Mayor in Hannibal Mo., and in the commission-governed cities, Chanute and Kansas City, Kan., by department heads appointed by the mayor in the first and by a five-man board of public utilities elected by the people in the second.

Fourteen of the cities have all utilities in one department while six have a superintendent in charge of each utility according to information to the International City Managers Association.

Auxiliary services of purchasing, financial records, recruitment and personnel matters are handled by a central office for all city departments including the utilities in more than one-half of the 20 cities reporting. In general, cities in which auxiliary services are provided by the utility department instead of by a central city office are those with a separate board as in the case of Albany, N. Y., Hannibal, Mo., Kansas City, Kan., and Knoxville, Tenn.

Nearly all cities covered in this study supply some utility services outside city limits, but there is no set pattern or policy and the revenue received generally is a small percentage of the total, the association reports. Neither is there a set pattern for contributions which utilities make to municipal general funds.

For example, Albany, Ga., Ames, Ia., Austin, Tex., Chanute, Kan., Hamilton, O., Hannibal, Mo., Long Beach and Pasadena, Cal., provide free water to other city departments. In 15 cities the utilities make regular annual contributions to the general fund or pay the city an amount equal to taxes that would be paid if utilities were privately owned, and a few cities do both.

Most officials in reporting cities believe operation of city-owned utilities should be integrated with other municipal services and that grouping of two or three utilities in one department directed by a competent superintendent results in special economies from the use of central auxiliary services.

VIRGINIA

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VIRGINIA—WEST VIRGINIA
NORTH and SOUTH
CAROLINA
MUNICIPAL BONDS

F. W.
CRAIGIE & CO.
RICHMOND, VIRGINIA
Bell System Teletype: RH 83 & 84
Telephone 3-9137

Broker-Dealer Personnel Items

If you contemplate making additions to your personnel please send in particulars to the Editor of The Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

CANTON, Ohio—**Edward U. Thatcher** has become associated with **Otis & Co.**, Terminal Tower, Cleveland, Ohio. Mr. Thatcher was formerly local manager for Merrill Lynch, Pierce, Fenner & Beane for a number of years.

(Special to The Financial Chronicle)

CHICAGO, Ill.—**Gordon D. McFarlane** is now affiliated with **Cruttenden & Co.**, 209 South La Salle Street. Mr. McFarlane was in the past with Shearson, Hammill & Co. for a number of years. Recently he was with the U. S. Government Rubber Reserve in Chicago.

(Special to The Financial Chronicle)

CHICAGO, Ill.—**Lawrence J. Lindsay**, for many years with C. W. McNear & Company, has joined the staff of **Harriman Ripley & Co., Incorporated**, 135 South La Salle Street.

(Special to The Financial Chronicle)

KANSAS CITY, Mo.—**Charles Collins** is now with **Goffe & Carkener, Inc.**, Board of Trade Building.

(Special to The Financial Chronicle)

LAWRENCE, Kans.—**Clifton C. Calvin** has become connected with **Seltsam & Company, Inc.**, 117 West Seventeenth Street, Topeka, Kans. Mr. Calvin was formerly manager of the Lawrence office of Estes, Snyder & Co.

(Special to The Financial Chronicle)

PORTLAND, Maine.—**Frank H. Miller** has been added to the staff of **J. Arthur Warner & Co.**, Chapman Building.

(Special to The Financial Chronicle)

SEATTLE, Wash.—**Edgar B. MacLeod** has become associated with **Earl F. Townsend and Company**, Dexter Horton Building. Mr. MacLeod was formerly with Wm. D. Perkins Co., Inc. and prior thereto was with Dagg & Co., Inc. In the past he was with the Seattle Trust & Savings Bank.

President Hails Belgians

The White House made public on July 22 a message which President Roosevelt sent to Prime Minister Hubert Pierlot of the Belgian Government-in-exile in London, on the occasion of Belgium's national holiday.

The President expressed admiration for the suffering Belgians and confidence in early liberation.

The message follows:

"On this anniversary of your country's national independence the people of the United States wish to renew the expressions of their friendship and admiration for the people of Belgium. The suffering which they have endured for more than three years under Nazi occupation inspires awe and humility in the world still free.

"There is likewise appreciation of the resources of the Belgian Congo, which have been pooled in the common struggle. I take this opportunity to extend to Your Excellency and to the members of your Government my best personal wishes, and to express my confidence in the early liberation of your country."

In a radio address directed at occupied Belgium, Prime Minister Pierlot said on July 21 that "victory is on the march," and presented a plan for liberating Belgians after the arrival of Allied armies.

These liberation steps, he said, according to Associated Press advices from London, would be taken, accompanied by Belgian military civil missions to act as intermediaries:

"Food supplies will be distributed with the arrival of the armies; contact will be made with Belgians 'above reproach from the national point of view,' with others sidetracked or arrested; the government will be transferred to the liberated zone as soon as possible to maintain order; food supply services of the army will be co-ordinated with distributing agencies existing in Belgium.

"Public administrations will be cleaned of traitors and collaborators with 'swift, exemplary punishment for all who have given criminal help to the enemy'; the King, now 'a prisoner among his people,' will again exercise constitutional powers; parliament will meet again; the government will submit for approval reports to the King and parliament on actions taken since the occupation, and ministers will submit resignations to facilitate formation of the new government, including in it men who lived through the occupation."

Named "Alaska Highway"

In an exchange of notes between the United States and Canada, an agreement was announced in Washington on July 22 on "Alaska Highway" as the official name for the highway from Dawson Creek to Fairbanks, Alaska. Associated Press advices from Washington July 22 said:

"Secretary of State Hull proposed the name as 'suitable and in harmony with popular usage,' at the suggestion of Anthony J. Dimond, Alaskan Delegate in the House of Representatives. Leighton McCarthy, Canadian Minister to Washington, replied that his Government 'concurs in the proposal.' Heretofore, the project has been known generally but unofficially as 'the Alcan Highway.'"

Plans for the change in the name were noted in our July 1 issue, page 33.

Bert Fish Dies

Bert Fish, United States Minister to Portugal since February, 1941, died on July 21 in Lisbon. He was 67 years old. Mr. Fish had been in the diplomatic service since 1933, when he was appointed Minister to Egypt, a post he held for eight years. During part of his service in Cairo he also served as Minister to Saudi Arabia. Mr. Fish went to Lisbon from Cairo, presenting his credentials as Minister to Portugal to President Carmona on March 26, 1941. He was Chairman of the delegation to the Capitulations Conference, held in April and May, 1937, in Montreaux, Switzerland.

Thanks Idaho Farmers

Lord Halifax, British Ambassador to the United States, on July 17 thanked the farmers of Idaho for producing food for the United Nations and urged them to greater efforts.

The Ambassador, who is touring the West, stopped off in the rural country of Boise Valley on July 17 to talk with farmers.

In Associated Press Boise advices, the following was reported:

He predicted that Great Britain and the United States, working together and "on terms of complete equality with China and Russia," would build a new world after the war.

"We're in this job (the war) together and must try to work together to save what we win," he said.

THE EXECUTIVE WHO STOPS TO THINK . . .

CHARLES E. BRACKER

Knows that "10% for War Bonds isn't enough these days"

Workers' Living Costs going up . . . and Income and Victory Tax now deducted at source for thousands of workers . . .

Check! You're perfectly right . . . but all these burdens are more than balanced by *much higher* FAMILY INCOMES *for most of your workers!*

Millions of new workers have entered the picture. Millions of women who never worked before. Millions of others who never began to earn what they are getting today!

A 10% Pay-Roll Allotment for War Bonds from the wages of the family bread-winner is one thing—*a 10% Pay-Roll Allotment from each of several workers in the same family is quite another matter!* Why, in many such cases, it could well be jacked up to 30%—50% or even more of the family's *new* money!

That's why the Treasury Department now urges you to revise your War Bond *thinking*—and your War Bond *selling*—on the basis of *family* incomes. The current War Bond campaign is built around the family unit—and labor-management sales programs should be revised accordingly.

For details get in touch with your local War Savings Staff which will supply you with all necessary material for the proper presentation of the new plan.

Last year's bonds got us started—*this year's bonds are to win!* So let's all raise our sights, and get going. If we all pull together, we'll put it over with a bang!

This space is a contribution to America's all-out war effort by

THE COMMERCIAL AND FINANCIAL CHRONICLE

you've done your bit
. . . now do your best!

★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★

Ad No. 1013 #2006

DIVIDEND NOTICES

The American Tobacco Company
INCORPORATED
111 Fifth Avenue New York City

152ND COMMON DIVIDEND

A regular dividend of Seventy-five Cents (75¢) per share has been declared upon the Common Stock and Common Stock B of THE AMERICAN TOBACCO COMPANY, payable in cash on September 1, 1943, to stockholders of record at the close of business August 10, 1943. Checks will be mailed.

EDMUND A. HARVEY, *Treasurer*

July 28, 1943

Borden's
COMMON DIVIDEND
No. 134

An interim dividend of thirty cents (30¢) per share has been declared on the outstanding common stock of this Company, payable September 1, 1943, to stockholders of record at the close of business August 14, 1943. Checks will be mailed.

The Borden Company
E. L. NOETZEL, *Treasurer*

ANACONDA COPPER MINING CO.
25 Broadway
New York 4, N. Y., July 22, 1943.
DIVIDEND No. 141

The Board of Directors of the Anaconda Copper Mining Company has declared a dividend of Fifty Cents (50c) per share upon its Capital Stock of the par value of $50. per share, payable September 27, 1943, to holders of such shares of record at the close of business at 3 o'clock, P.M., on September 7, 1943.

JAS. DICKSON, Secretary & Treasurer

St. Louis, Rocky Mountain & Pacific Co.
Raton, New Mexico, July 23, 1943.
Common Stock Dividend No. 86.

The above company has declared a dividend of $1.00 per share on the Common Stock of the company to stockholders of record at the close of business July 24, 1943, payable August 10, 1943. Transfer books will not be closed.

P. L. BONNYMAN, Treasurer.

UNITED GAS CORPORATION
$7 Preferred Stock Dividend

At a meeting of the Board of Directors of United Gas Corporation held July 28, 1943, a dividend of $3.50 per share was declared on the $7 Preferred Stock of the Corporation for payment September 1, 1943, to stockholders of record at the close of business August 6, 1943.

E. H. DIXON, Treasurer.

FINANCIAL NOTICE

MIDLAND VALLEY RAILROAD COMPANY

Interest Payable September 1, 1943 on
ADJUSTMENT MORTGAGE SERIES "A" AND "B" BONDS

Philadelphia, Pa.
July 22, 1943

The Board of Directors has ascertained, determined, and declared that for the year ended June 30, 1943, 4% is payable on the Series "A" Adjustment Mortgage Bonds and 4% is payable on the Series "B" Adjustment Mortgage Bonds, under the terms of the Plan of Debt Adjustment dated January 11, 1943, as amended March 31, 1943.

On and after September 1, 1943, the Fidelity-Philadelphia Trust Company, Philadelphia, Pa., will pay the following amounts for coupons surrendered:

Series "A" Bonds—Coupon No. 27—$40. on $1,000 Bonds and $20. on $500. Bonds.
Series "B" Bonds—Coupon No. 23—$40. on $1,000 Bonds and $20. on $500. Bonds.

C. JARED INGERSOLL,
CHAIRMAN OF THE BOARD.

Bullitt Quits As Knox Aide

Secretary of the Navy Frank Knox announced on July 23 the acceptance of the resignation of William C. Bullitt as his special assistant, a post he has held a little over a year. Mr. Bullitt, former Ambassador to Russia and France, has announced his candidacy for the Democratic nomination for Mayor of Philadelphia. Mr. Bullitt has been the Navy Department's representative on an interdepartmental committee on "co-ordination of the economic activities of United States civilian agencies in liberated areas." He also was the Navy's member of another interdepartmental committee assigned to a study of oil reserves throughout the world.

Calendar of New Security Flotations

OFFERINGS

CELOTEX CORPORATION

Celotex Corporation has filed a registration statement for $3,000,000 12-year 3¾% debentures due July 1, 1955.

Address—120 South La Salle Street, Chicago.

Business—Engaged in the building material business, principal products it sells being rigid insulation, acoustical, gypsum, roofing and hardboard products.

Underwriting—Paul H. Davis & Co., Chicago, is named principal underwriter.

Offering—Price to the public will be supplied by amendment.

Proceeds—Net proceeds, together with other funds of the company, will be used to redeem the company's outstanding 10-year 4½% debentures, due Feb. 1, 1947.

Registration Statement No. 2-5180. Form S-1. (7-13-43).

In an amendment to its registration statement filed with the Securities and Exchange Commission on July 22, Celotex Corp. gives the offering price to the public on its proposed issue of $3,000,000 12-year 3¾% debentures at 100½ plus accrued interest from July 1, 1943, to date of delivery.

Names of underwriters and amounts they have agreed to purchase are stated as follows: Paul H. Davis & Co., Chicago, $400,000; A. G. Becker & Co., Inc., Chicago, $300,000; Central Republic Co., Inc., Chicago, $300,000; Hornblower & Weeks, N. Y., $300,000; Laurence M. Marks & Co., N. Y., $300,000; Milwaukee Co., Milwaukee, $300,000; F. S. Moseley & Co., Chicago, $300,000; Paine, Webber, Jackson & Curtis, Chicago, $300,000; Union Securities Corp., N. Y., $300,000, and Kebbon, McCormick & Co., Chicago, $200,000.

Registration Statement effective 3:30 p.m. EWT. on July 24, 1943.

Offered July 27, 1943 at 100½ and int. by Paul H. Davis & Co. and associates.

SOUTH CAROLINA ELECTRIC & GAS CO.

South Carolina Electric & Gas Co. has filed a registration statement for $20,000,000 first mortgage bonds, series due 1973. Interest rate will be supplied by amendment.

Address—328 Main Street, Columbia, S. C.

Business—Is a public utility operating in South Carolina.

Underwriting—Bonds will be offered for sale at competitive bidding. Names of underwriters will be supplied by amendment.

Offering—Price to public will be supplied by amendment.

Proceeds—Will be applied principally to the redemption at 102¾ of the face amount of $8,361,500 of Broad River Power Co. first and refunding mortgage gold bonds, series A, due Sept. 1, 1954; to the redemption at 105 of the face amount of $1,359,000 of Parr Shoals Power Co. first mortgage 5% sinking fund gold bonds, due April 1, 1952, and to the redemption at 105 of the face amount of $10,213,300 of Lexington Water Power Co. first mortgage 5% gold bonds, series due 1968.

Registration Statement No. 2-5162. Form A-2. (6-25-43).

Registration statement effective 5:15 p.m., EWT. on July 16, 1943.

Bonds Awarded through competitive bidding to syndicate headed by The First Boston Corp.

Offered July 28, 1943, $20,000,000 1st mtge. bonds 3⅝% series due 1973 at 104.21 and int. by The First Boston Corp., Lehman Bros., Blyth & Co., Inc., Harriman Ripley & Co., Inc., Smith, Barney & Co. and associates.

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing (unless accelerated at the discretion of the SEC), except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern War Time as per rule 930 (b).

Offerings will rarely be made before the day following.

THURSDAY, JULY 29

FANSTEEL METALLURGICAL CORP.

Fansteel Metallurgical Corp. has filed a registration statement for 53,566 shares of common stock, without par value.

Address—North Chicago, Ill.

Business—Business of the company and its subsidiaries consists of the development and refinement of rare metals and the production and fabrication of rare metal compounds, alloys and commercial products.

Underwriting — Hallgarten & Co. is named principal underwriter. Others will be supplied by amendment.

Offering—Price to the public will be supplied by amendment.

Proceeds—Net proceeds from sale of common stock will be added to the working capital of the company and will be used for general corporate purposes. Five dollars per share of the net proceeds will be allocated to capital and the balance will be allocated to capital surplus.

Registration Statement No. 2-5179. Form S-1. (7-10-43).

MONDAY, AUG. 2

LATHAM SQUARE CO.

Wm. Cavalier, Frank E. Cronise, Raymond F. Gill, and Benedict Fleisher, all of San Francisco, and George P. Lauinger, of San Mateo, Cal., trustees of Latham Square Company voting trust of April 1, 1943, have filed a registration statement for voting trust certificates for 1,773 shares of non-par capital stock of Latham Square Co.

Address—Room 611, 582 Market Street, San Francisco.

Business—Operation of a building.

Underwriting—No underwriters.

Offering—Immediately after registration statement becomes effective on or about Aug. 5, 1943. Voting trust is for seven years from and after April 1, 1943. However, the agreement may be amended any time under certain conditions.

Purpose—To ask deposit of stock under voting trust agreement.

Registration Statement No. 5181. Form F-1. (7-14-43). Original filed in San Francisco.

WEDNESDAY, AUG. 4

UNITED DRUG COMPANY

United Drug Company has filed a registration statement for $20,000,000 15-year sinking fund debentures due 1958 and 100,000 shares of cumulative preferred stock, par value $100 per share. Interest rate on debentures and dividend rate on preferred stock will be supplied by amendment.

Address — 43-63 Leon Street, Boston, Mass.

Business—Principal businesses in which company and its subsidiaries are engaged are two-fold: Manufacture of drugs, pharmaceuticals, toilet articles, food and chocolate products, rubber articles and other products used in or sold by drug stores and distribution of such products, and secondly the operation, by subsidiaries of retail drug stores.

Underwriting — Smith, Barney & Co., New York, heads the group of underwriters. Others will be supplied by amendment.

Offering—Price to public will be supplied by amendment.

Proceeds—Proceeds will be applied by company together with other funds to the redemption of $30,243,200 face amount of the company's 25-year 5% bonds due March 15, 1953, presently outstanding in the hands of the public, at 103% of face amount plus accrued interest. Such redemption will require $31,150,496 plus accrued interest, which to Sept. 15, 1943, will amount to $756,080.

Registration Statement No. 2-5182. Form S-1. (7-16-43).

SATURDAY, AUG. 7

WOODWARD & LOTHROP

Woodward & Lothrop filed a registration statement for 27,500 shares of common stock, par value $10 per share. The shares are already issued and outstanding.

Address—11th and F Streets, N. W., Washington, D. C.

Business—Owns and operates a department store.

Underwriting — The underwriters and amounts they have agreed to purchase are as follows: Merrill Lynch, Pierce, Fenner & Beane, 7,013; Alex. Brown & Sons, 7,012; Johnston, Lemon & Co., 3,850; Brown, Goodwyn & Olds, 1,925; Ferris Exnicios & Co., 1,925; Robert C. Jones & Co., 1,925; Mackall & Coe, 1,925; Robinson, Rohrbaugh & Lukens, 1,925. All but the first group are located in Washington, D. C.

Offering—Price to the public will be supplied by amendment.

Proceeds—The shares of common stock registered are issued and outstanding shares owned by Brainard W. Parker and the Washington Loan & Trust Co. as executors of the estate of Donald Woodward. The proceeds will go to the sellers as transaction does not represent new financing on part of Woodward & Lothrop. The securities of Woodward & Lothrop owned by the sellers are listed as follows: 39,899 shares of common, par $10, and 2,333 shares of preferred stock, 7% cumulative, par $100 per share. Of said securities only 27,500 shares of common are offered under registration statement.

Registration Statement No. 2-5183. Form S-2. (7-19-43).

TUESDAY, AUG. 10

WALTER E. HELLER & CO.

Walter E. Heller & Co. has filed a registration statement for $3,000,000 serial notes, due serially $600,000 on Aug. 1 in each year from 1949 to 1953 inclusive. Interest rates on maturities are given as follows: 1949, 2½%; 1950, 2⅝%; 1951, 2¾%; 1952, 2⅞%, and 1953, 3%.

Address—105 West Adams Street, Chicago.

Business—Engaged principally in financing the sales and other current operations of manufacturers, distributors, dealers, merchants and others, by purchasing or making advances on their accounts, notes, acceptances or other documents, also in making direct loans or advances against inventory, machinery, equipment, real estate or other assets, and in otherwise lending funds and giving financial aid to business concerns.

Underwriting — Underwriters with amounts to be purchased are given as follows: Harris, Hall & Co., Inc., Chicago, $1,500,000; First Boston Corp., N. Y., $1,000,000, and Goldman, Sachs & Co., N. Y., $500,000.

Offering—Price to public to be supplied by amendment.

Proceeds—To be applied in part to retire $2,400,000 term loans from banks and balance to be used for general working funds.

Registration Statement No. 2-5184. Form A-2. (7-22-43).

WEDNESDAY, AUG. 11

HOOVER COMPANY

Hoover Company has filed a registration statement for 20,206 new shares of 4½% preferred stock, cumulative, par value $100 per share, and 110,000 common shares, par value $5 per share. The common stock is issued and outstanding.

Address—North Canton, Ohio.

Business—Engaged in the manufacture and sale of vacuum cleaners. At present company is doing an extensive business in war products.

Underwriters — Smith, Barney & Co., Hornblower & Weeks and Field, Richards & Co. head the group of underwriters. Others will be named by amendment.

Offering—Company is offering 20,206 of its 4½% preferred shares, share for share, in exchange for a like number of its 6% preferred shares now outstanding. Exchange offer expires at 1 p.m. on the fourth day following the date of the prospectus after registration becomes effective. The underwriters have agreed to purchase any of the new preferred stock not exchanged which may be offered publicly at a price to be filed by amendment. The bankers also may purchase some of the new 4½% preferred shares from holders who received them in exchange for their 6% preferred. The common stock to be purchased from certain large stockholders also will be offered at a price to be filed by amendment.

Proceeds—The company will not receive any of the proceeds from the sale by holders of 4½% preferred and common stock to the underwriters which will go to the selling stockholders. Net cash proceeds received by the company for the 4½% preferred stock to be sold by the company to the underwriters will be applied, together with other funds of the company, to the redemption on a date not later than Oct. 1, 1943, of all unexchanged 6% preferred shares, at the redemption price of $100 per share plus accrued dividends.

Registration Statement No. 2-5185. Form S-1. (7-23-43).

THURSDAY, AUG. 12

KANSAS-NEBRASKA NATURAL GAS CO., INC.

Kansas-Nebraska Natural Gas Co., Inc., has filed a registration statement for 12,500 shares of $5 cumulative preferred stock, without par value.

Address—Phillipsburg, Kan.

Business—Is an operating public utility company engaged in the purchase, primarily, of natural gas in the State of Kansas, and in its transmission and wholesale and retail distribution in the States of Kansas and Nebraska.

Underwriting — Underwriters are First Trust Co. of Lincoln, Neb., 5,625 shares; Beecraft, Cole & Co., Topeka, Kan., 2,250; Harold E. Wood & Co., St. Paul, 1,875; United Trust Co., Abilene, Kan., 1,500; Rauscher, Pierce & Co., Dallas, 625 and Bigelow-Webb, Inc., Minneapolis, 625 shares.

Offering—Offering price to public $105 per share plus accrued dividends.

Proceeds—of the net proceeds, estimated at $1,275,000, the retirement of the company's outstanding 9,824 shares of $6 cumulative preferred stock at $105 per share will require $1,031,520. All of the $6 preferred stock has been called for redemption on Sept. 15, 1943. Balance of net proceeds, estimated at $243,000, will be added to the company's working capital.

Registration Statement No. 2-5186. Form S-1. (7-24-43).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

ARDEN FARMS CO.

Arden Farms Co. has filed a registration statement for 26,000 shares of preferred stock, without par value.

Address—1900 West Slauson Avenue, Los Angeles, Cal.

Business—The buying and selling of ice cream, the processing of milk, and the general business of buying and selling milk, butter, cottage cheese, eggs and various related products at wholesale and retail in the States of Washington, Oregon and California.

Underwriting—There are no underwriters. Company proposes through certain of its employees and through security dealers to solicit the exercise of option warrants, and the company proposes to pay the expenses of such employees in connection with such solicitation. If all such shares are not sold company will reimburse security dealers for their out-of-pocket expenses. If all such shares are sold the company will instead pay such dealers $1 for each share sold through the exercise of warrants procured by such dealer.

Offering—Company has granted to holders of its preferred stock, rights to subscribe for shares of preferred stock now being registered at the rate of one share for each 2½ shares held. Subscription price will be filed by amendment. After the expiration of the warrants the company proposes to sell such of the shares of preferred as are not subscribed through the exercise of warrants, to the public at such price as may be fixed by the board

Proceeds—Net proceeds will be applied to the prepayment, so far as they suffice, of the company's notes outstanding in the principal amount of $1,050,000.

Registration Statement No. 2-5166. Form S-1. (6-29-43).

Amendment filed July 20 fixing offering price to stock holders at $40 per share, unsubscribed portion to public at $40 per share or more as may be fixed by board of directors.

Amendment filed July 15, 1943, to defer effective date.

BURTONITE CORPORATION

Burtonite Corporation has filed a registration statement for 10,000 shares of 7% preferred stock and 15,000 shares of common, no par.

Address—2500-22 Fisher Street, Fort Worth, Texas.

Business—Manufacture of face brick.

Offering—Present offering consists of 2,000 units, each unit consists of four shares preferred and one share common, price per unit is $10.

Underwriting—None. Distribution is to be made by direct sales by the corporation of its treasury stock.

Proceeds—Expansion of plant facilities, installation of additional equipment and for working capital.

Registration Statement No. 2-5105. Form S-2 (3-5-43).

CALIFORNIA ELECTRIC POWER CO.

California Electric Power Co. has registered $16,000,000 first mortgage bonds, 3¾% Series due 1968, and 40,000 shares 5¼% convertible prior preferred stock, par value $100 per share.

Address—3771 Eighth Street, Riverside, Cal.

Business—Engaged in the generation, transmission, distribution and sale of electric energy.

Underwriting—Principal underwriter for the bonds is Dillon, Read & Co., New York, and for the preferred stock Stone & Webster and Blodget, Inc., and Bosworth, Chanute, Loughridge & Co., Denver. Other underwriters will be named by amendment.

Offering—Price of both bonds and prior preferred stock will be supplied by amendment.

Proceeds—Proceeds, together with funds received by the company from the sale of certain of its electric properties, will be used to redeeem all of the first trust mortgage gold bonds, 5% series of 1956 to be outstanding after giving effect to the surrender of certain bonds in the face amount of $641,300. Balance of proceeds will be used to pay the balance then due on the 3% installment note held by Bank of America National Trust & Savings Association. Upon the payment of such note, $641,000 face amount of the company's first mortgage trust gold bonds pledged by the company as security for such note will be surrended for cancellation.

Registration Statement No. 2-5172. Form S-1. (6-29-43).

Amendment filed July 15, 1943, to defer effective date.

CROWLEY, MILNER & CO.

Crowley, Milner & Co. have filed a registration statement for certificates of deposit for $996,500 5½% sinking fund debentures, due 1946.

Address—Monroe Avenue and Farmer Street, Detroit, Mich.

Business—Character of business done by original issuer is a department store and general mercantile business, at retail.

Underwriting—Company has engaged the services of H. M. Preston & Co., Chicago, as its readjustment manager.

Offering—Call for deposit of bonds under plan of debenture adjustment.

Purpose—Purpose of requesting deposits is to ask depositors to consent to an extension of the maturity date of the authorized 5½% debentures from May 1, 1946, to Oct. 31, 1952 and various modifications of the indenture. See Registration Statement No. 2-5176.

Registration Statement No. 2-5175. Form D-1. (7-5-43).

Hearing before SEC Aug. 2, 1943 to determine whether stop order should issue against the statement.

CROWLEY, MILNER & CO.

Crowley, Milner & Co. have filed a registration statement for $996,500 5½% sinking fund debentures as extended to 1952 and $1,245,600 4% debentures due 1962.

Address—Monroe Avenue and Farmer Street, Detroit, Mich.

Business—Department store and general mercantile business, at retail.

Purpose—Company proposes a plan of debenture adjustment and a plan of capital stock readjustment. The 5½% debentures as extended to 1952 are to be issued through certificates of deposit to holders of old 5½% sinking fund debentures due 1946 under plan of debenture adjustment, extending maturity date and modifying indenture provisions. The 4% debentures will be issued in exchange for 31,140 shares of $50 par prior preference stock on basis of $40 face amount of debentures plus $10 in cash for one share of stock under plan of capital stock readjustment.

Registration Statement No. 2-5176. Form S-1. (6-30-1943).

Hearing before SEC Aug. 2, 1943 to determine whether stop order should issue against the statement.

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956; and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami, Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas), serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows: $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2. (9-17-41)

Amendment filed July 19, 1943, to defer effective date.

IOWA POWER & LIGHT CO.

Iowa Power & Light Co. has filed a registration statement for $17,000,000 first mortgage bonds, 3¼% series due June 1, 1973.

Address—312 Sixth Avenue, Des Moines, Iowa.

Business—Is a public utility engaged in the business of furnishing electric service in Polk County, outside the City of Des Moines and environs, and in 12 contiguous counties in Central Iowa, and furnishing gas service in the City of Des Moines and environs, and in two municipalities in adjoining counties.

Underwriting—Bonds are to be offered for sale at competitive bidding under the rules of the Commission. Names of the underwriters will be supplied by post effective amendment.

Offering—Price to the public will be supplied by amendment.

Proceeds—Bonds are to be issued as part of a series of interdependent transactions which include the acquisition by Continental Gas & Electric Co. of Iowa Power & Light Co. and Des Moines Electric Light Co. from Illinois Iowa Power Co. Proceeds from the sale of the bonds, together with a portion of funds to be received from bank loans aggregating $2,500,000, will be used to redeem on Sept. 1, 1943, a total of $11,232,000 face amount of the company's first mortgage bonds; to redeem on Oct. 1, 1943, 10,133 shares par $100 of the company's 7% cumulative preferred stock; to the purchase from Illinois Iowa Power Co. of $1,750,000 face amount of general refunding mortgage bonds, Series A, due 1955, and $3,000,000 of open account indebtedness of Des Moines Electric Light Co., $4,750,000; to partial payment for Iowa properties of Iowa-Nebraska Light & Power Co., $1,000,000 and for other corporate purposes.

Registration Statement No. 2-5138. Form S-1. (5-12-43).

Amendment filed June 16, 1943, to defer effective date.

METALES DE LA VICTORIA, S. A.

Metales de la Victoria, S. A. has filed a registration statement for 1,000,000 common shares and production notes in the aggregate sum of $500,000, lawful money of the United States of America.

Address—406 Valley National Building, Tucson, Ariz.

Business—Organized under the laws of Mexico on Oct. 23, 1942, for the purpose of engaging in the business of acquiring, exploring, developing and operating mining properties in Mexico, and the milling and marketing of ores and concentrates therefrom.

Underwriting—Offering will be made direct to the public by the company, and to brokers and dealers for their own accounts or as selling agents of the company.

Offering—Offering consists of 50,000 units, a unit consisting of a production note in the face amount of $10 and 20 shares of common stock, price per unit $10, lawful money of the United States of America.

Proceeds—For development, purchase of equipment, etc.

Registration Statement No. 2-5151. Form S-3 (6-11-43).

Amendment filed July 16, 1943, to defer effective date.

NORTHERN INDIANA PUBLIC SERVICE CO.

Northern Indiana Public Service Co. has filed a registration statement for $45,000,000 first mortgage bonds, Series C dated Aug. 1, 1943, due Aug. 1, 1973. Interest rate will be supplied by amendment.

Address—5265 Hohman Avenue, Hammond, Ind.

Business—Public utility operating company engaged principally in the production, manufacture, purchase, supply, transmission, distribution and sale of electrical energy, gas and water.

Underwriting—Company will offer the bonds for sale under the competitive bidding rule of the Commission. Names of underwriters will be supplied by post-effective amendment.

Offering—Price to be supplied by post-effective amendment.

Proceeds—Proceeds from sale of Series C bonds, exclusive of accrued interest, will be applied, together with other necessary funds of the company, for the redemption of $45,000,000 face amount of 3¾% bonds, Series A, due Aug. 1, 1969, at 106¼% of the face amount or $47,812,500. Interest to the date of redemption on the bonds to be redeemed, plus expenses of the company will be paid out of other funds of the company.

Registration Statement No. 2-5178. Form S-1. (7-8-1943).

Issue Approved—The SEC on July 27, 1943 granted company permission to offer for sale by competitive bidding $45,000,000 1st mtge. bonds, series C. Interest is not to exceed 3¼%.

OIL VENTURES CORPORATION

Oil Ventures Corporation has registered 3,000 shares of Class A capital stock, without par value, fully paid and non-assessable.

Address—19-21 Dover Green, Dover, Del.

Business—Organized under the laws of Delaware on April 27, 1943, for the purpose of engaging either alone or with others in any phase of the oil business.

Offering—Price to the public is $100 per share.

Underwriting—Tellier & Co., New York, is principal underwriter.

Proceeds—To be applied and used for any of the proper corporate purposes as its board of directors may determine. Statement says it is the purpose and objective of the management to be free at all times to take advantage of any condition or set of circumstances which, in its opinion, offers opportunity for profit to the corporation.

Registration Statement No. 2-5155. Form S-2. (6-18-43).

Registration statement effective but apparently defective 5:30 p.m. EWT. on July 15, 1943.

PACIFIC MUTUAL LIFE INSURANCE CO. OF CALIFORNIA

A. C. Balch, F. E. Rand and Leslie Waggener as the Pacific Mutual Shareholders Protective Committee have filed a registration statement with the SEC for voting trust certificates for 508,200 shares of common stock, par $1 per share, of Pacific Mutual Life Insurance Co. of California.

Address — Of issuer, 626 South Spring St., Los Angeles, Cal. Executive office, 523 West Sixth St., Los Angeles, Cal.

Business—Life insurance.

Purpose—The agreement places no limitation upon the powers of the committee to vote the shares held by it. However, one of the main objectives of the committee is to vote the securities held by them in connection with the said so-called plan and agreement of rehabilitation and reinsurance and mutualization affecting the Pacific Mutual Life Insurance Co. of California.

Registration Statement No. 2-5098. Form F-1. (2-19-43).

Amendment filed July 19, 1943, to defer effective date.

RIVERSIDE MILLS

Riverside Mills has registered $639,000 5½% first mortgage bonds, dated Feb. 15, 1943, due Feb. 15, 1963.

Address—Augusta, Ga.

Business—Company devotes its activity almost entirely to cotton textile by-products or waste.

Underwriting—No formal underwriting agreement has been entered into covering the exchange offered.

Offering—Under a plan of reorganization Riverside Mills offers to the holders of its preferred stock in exchange therefor $120 par value in first mortgage 5½% bonds, plus $2.625 in cash for each share of its preferred stock, provided that 75% in amount of the issued and outstanding preferred stock accept the same and tender their stock in exchange on or before Sept. 1, 1943, but time may be extended by the board. The bonds of this issue shall only be exchanged for preferred stock or sold to raise money to purchase and retire preferred stock or to reimburse the company for preferred stock which it may purchase before plan becomes effective, and which it does not retire and shall not be disposed of for any other purpose. Should company acquire an amount of bonds not exceeding $120,000 through the exchange of preferred stock purchased by it, Johnson, Lane, Space & Co., Inc. has agreed to buy any such bonds which Riverside Mills desires to sell at not less than $83.50 per $100 par value and accrued interest.

Purpose—For reorganizaztion.

Registration Statement No. 2-5165. Form S-1. (6-28-43).

Amendment filed July 13, 1943, to defer effective date.

SEARS, ROEBUCK & CO.

Savings and Profit Sharing Pension Fund of Sears, Roebuck & Co. Employes and Sears, Roebuck & Co. have filed a registration statement for 20,000 memberships and 160,000 shares of capital stock, without par value, of Sears, Roebuck & Co.

Address—Sears, Roebuck & Co., 925 South Homan Street, Chicago.

Business—Profit sharing pension fund.

Offering—The 20,000 memberships in the pension fund represent the maximum estimated number of memberships which may be offered to eligible employees, during the 12 months following the effective date of registration statement, upon their becoming eligible for membership. The 160,000 shares of capital stock of Sears, Roebuck & Co. represent the maximum number of shares which, it is anticipated, may be purchased by the fund for its members during said period in accordance with the rules of the fund.

Purpose—To permit employees to share in the profits of the company; to encourage the habit of saving, and to provide a plan through which each eligible employee may accumulate his own savings. Company each year contributes to the fund certain moneys out of its net profits for the year and each member contributes a certain percentage of his salary or service allowance and these contributions, with other moneys received by the fund, are, if invested, invested in shares of the capital stock of the company. Recently certain funds were invested in obligations of the U. S. Government.

Registration Statement No. 2-5153. Form A-2 (6-15-43).

Registration statement effective 4:30 p.m. EWT on July 22, 1943.

UNION LIGHT, HEAT AND POWER COMPANY

Union Light, Heat and Power Co. registered 25,000 shares $100 par common stock

Address—4th & Main St., Cincinnati Ohio

Business — Operating electric utility company

Underwriter — Columbia Gas & Electric Corp.

Offering—Stockholders will receive offer to subscribe to 25/94ths of one common share in units of 5/94ths of a share for each 5/94ths of a share held at $5.32 for each unit. On a share basis, stockholders may subscribe to 5 new shares for each share held at $100.016 per share Substantially all outstanding stock is held by Columbia Gas & Electric Corp.

Proceeds—To repay current debt and $2,835,000 first mortgage bonds held by parent and associated companies, and for construction costs

Registration Statement No. 2-4379. Form A-2 (3-30-40)

Amendment filed July 15, 1943, to defer effective date.

UNITED GAS CORPORATION

United Gas Corp. registered $75,000,000 first mortgage and collateral trust 3¼% bonds due 1958

Address—2 Rector Street, New York City

Business—Production and sale of natural gas; part of Electric Bond and Share System

Underwriters—None

Offering Terms—Bonds will be sold to institutional investors, whose names will be supplied by amendment, at 99.34%

Proceeds—To redeem $28,850,000 United Gas Public Service 6% Debentures due 1953; to pay 6% demand note of $25,925,000 to Electric Bond and Share; to repay $2,000,000 open account debt to E. B. & S.; and to purchase from United Gas Pipe Line Co., $6,000,000 of its 1st & Coll. 4% bonds due 1961. Balance will be used in part to reimburse treasury for capital expenditures and possibly to pay accumulated dividends of $9,502,490 on companys $7 preferred stock

Registration Statement No. 2-4760, Form A-2 (5-15-41)

United Gas Corp. filed amendment with SEC on Feb. 21, 1942, stating that it had been unable to further extend the purchase agreements with 14 insurance companies covering the proposed private sale to such insurance companies of $75,000,000 of the company's first mortgage and collateral trust 3¼% bonds, due 1959. This amendment states: "These purchase agreements expired on Feb. 16, 1942. The corporation intends to continue negotiations to the end that its bonds shall be either sold privately, by renewal of the aforesaid agreements or otherwise, or offered to the public as circumstances shall dictate in order to obtain the best possible price."

Amendment filed July 24, 1943, to defer effective date.

UTAH POWER & LIGHT CO.

Utah Power & Light Co. has filed a registration statement for $37,000,000 first mortgage bonds, Series due 1973. Interest rate will be supplied by amendment.

Address — Kearns Building, Salt Lake City, Utah.

Business—Is a public utility operating in southeastern Idaho, northern and central Utah and southwestern Wyoming.

Underwriting—The bonds will be offered for sale by the company pursuant to the competitive bidding rule of the Commission. Names of underwriters will be supplied by amendment.

Offering—Offering price to the public will be supplied by amendment.

Proceeds—Net proceeds, together with $3,500,000 to be received from Northwestern Mutual Life Insurance Co. from issue and sale of $3,500,000 face amount of general mortgage serial bonds of Utah, due serially 1949-1953; $3,500,000 to be received from issue and sale to certain banks of $3,500,000 face amount of serial notes, and such amount, if any, of general funds of the company, will be used for the following purposes:

To pay principal and interest to maturity, as the case may be, on Utah company's 30-year first mortgage 5% gold bonds due 1944, of which $28,119,000 face amount were outstanding at March 31, 1943.

To pay Utah Company's first lien and general mortgage gold bonds, Series of "4½s of 1944", of which $4,068,000 face amount were outstanding at March 31, 1943.

To pay Utah Light & Traction Co.'s 30-year first and refunding mortgage gold bonds, Series A, 5%, of which $11,813,000 face amount were outstanding at March 31, 1943, these bonds having been guaranteed as to principal and interest by the Utah Company.

Registration Statement No. 2-5173. Form A-2. (6-30-43).

Amendment filed July 19, 1943, to defer effective date.

June Living Cost Down In Industrial Cities

The cost of living for wage earners and lower-salaried clerical workers in June declined in 36 of 65 industrial cities surveyed by the National Industrial Conference Board. Living costs were higher in 23 of the cities, and remained unchanged in six of them.

The Board's announcement of July 28 further said:

"The largest decline, 2.6%, occurred in Youngstown, but there was a decline of 1% or more in five other cities. The largest increase, 1.8%, occurred in Baltimore, but there were seven other cities in which the rise was 1% or more. For the United States as a whole, the cost of living rose 0.1%.

"Living costs were higher this June than in June, 1942 in all cities for which comparable figures are available. Baltimore recorded the largest increase during the twelve-month period with an advance of 9.6%. The smallest was shown in Houston, where it rose only 4.4%. The cost of living for the United States as a whole stands 7.1% higher than a year ago, and 21.3% above January, 1941."

Special Senate Group To Tour War Areas

A special group of five Senators will leave soon for a tour of the war zones to make a study of the American war effort.

The committee consists of Senators Russell (Dem., Ga.), as Chairman, representing the Appropriations Committee, Chandler (Dem., Ky.) and Lodge (Rep., Mass.), from the Military Affairs Committee, and Mead, (Dem., N. Y.) and Brewster (Rep., Me.), from the Truman Senate War Investigating Committee. Plans for the trip were discussed with President Roosevelt at the White House on July 23 by Senators Russell and Mead.

On July 25 Senator Mead issued a statement saying that he and Senator Brewster hoped to bring back information which "will result in improvements and efficiencies in the administration of activities abroad."

The war effort at the fighting fronts, Senator Mead added, will be scrutinized with the same approach the War Investigating Committee has used at home. Senators Mead and Brewster will be armed with data collected by the committee staff and augmented by recent conferences at the State, War and Navy Departments and with officials of the Lend-Lease Administration, the new Office of Economic Warfare, the Office of War Information and other agencies. Senator Mead, in his statement released by the Chairman, said no specific complaints would be investigated, but listed these subjects on which the committee members will seek background and information:

"1. Transportation and supply by sea, air, highway and rail.

"2. Landing facilities for airplanes in foreign areas developed by the United States and the rights of this country in those facilities now and in the post-war period.

"3. Administrative activities in foreign fields (not relating to military strategy), and particularly any confusion of functions.

"4. Arrangements for the distribution of American supplies among civilian populations.

"5. The committee also instructed the Senators to obtain assurance that the goods which are now being produced in an ever-increasing flow reach the fighting fronts quickly and in good condition and are what the fighting forces asked for and need."

Washington advices July 23 to the New York "Herald Tribune" said:

"The plans were discussed with President Roosevelt at a White House luncheon today by Senators Russell and Mead. The President suggested, Senator Russell said, that the group give particular attention to the 'transportation difficulties,' with reference to both lend-lease and the movement of American supplies."

A Safe Haven For Investment Funds

Individual investors, trustees and other* fiduciaries interested in becoming acquainted with the Federally insured investment opportunities offered by savings and loan associations should write for current explanatory literature to the associations mentioned below. When doing so please mention the "Chronicle."

- **Citizens Federal Savings and Loan Association of Hammond**
  5272 Hohman Avenue, Hammond, Ind.
- **Danielson Federal Savings and Loan Association**
  84 Main Street, Danielson, Conn.
- **First Federal Savings and Loan Association of Detroit**
  Griswold at Lafayette, Detroit, Mich.
- **First Federal Savings and Loan Association of Minneapolis**
  809 Marquette Avenue, Minneapolis, Minn.
- **First Federal Savings and Loan Association of St. Paul**
  350 Cedar Street, St. Paul, Minn.
- **Ben Franklin Federal Savings and Loan Association**
  112 East Fourth Street, St. Paul, Minn.
- **Hennepin Federal Savings & Loan Association**
  704 Marquette Avenue, Minneapolis, Minn.
- **Hinsdale Federal Savings and Loan Association**
  8 East Hinsdale Avenue, Hinsdale, Ill.
- **Mid Kansas Federal Savings and Loan Association**
  215 East William, Wichita, Kans.
- **Peoples Federal Savings and Loan Association**
  64 South Fourth Street, Minneapolis, Minn.
- **St. Paul Federal Savings and Loan Association**
  Fourth at Wabasha Street, St. Paul, Minn.
- **Standard Federal Savings and Loan Association**
  735 South Olive Street, Los Angeles, Calif.
- **Twin City Federal Savings & Loan Association**
  Eighth and Marquette, Minneapolis, Minn.

*Guardians, insurance companies, State, school and municipal sinking funds, firemen's, police and other pension funds, etc.

FDR Pledges Efforts To Save Europe Jews

President Roosevelt, in a message read on July 25 to the Emergency Conference to Save the Jewish People of Europe, in New York City, promised that this Government would not cease its efforts to save those who could be saved.

This message and another from Secretary of State Cordell Hull, with which the President concurred, were read at the closing session of the conference. Mr. Hull said the final defeat of Hitler and the rooting out of the Nazi system were the only complete answer to the problem of saving the Jews in Europe.

The message from President Roosevelt, addressed to Dr. Max Lerner, Chairman of the panel on international relations, was given as follows in the New York "Times" of July 26:

"In reply to your telegram of July 15, 1943, asking a message to the Emergency Conference to Save the Jewish People of Europe, I am glad to transmit a message from the Hon. Cordell Hull, Secretary of State, which has my full concurrence. You are aware of the interest of this Government in the terrible condition of the European Jews and of our repeated endeavors to save those who could be saved. These endeavors will not cease until Nazi power is forever crushed."

The same paper also reported Mr. Hull's message as follows:

"The rescue of the Jewish people, of course, and of other peoples likewise marked for slaughter by Nazi savagery, is under constant examination by the State Department, and any suggestion calculated to that end will be gladly considered. An intergovernmental agency has been created designed to deal with these problems. You will readily realize that no measure is practicable unless it is consistent with the destruction of Nazi tyranny; and that the final defeat of Hitler and the rooting out of the Nazi system is the only complete answer. This Government in cooperation with the British Government has agreed upon those measures which have been found to be practicable under war conditions and steps are now being taken to put them into effect."

Former President Herbert Hoover, speaking by telephone from California, told the meeting on July 25 that the world today needs an outlet for the persecuted of all lands and all faiths, not Jews alone. As a place where these people may build a new civilization, Mr. Hoover suggested development of the uplands of Central Africa.

He also said that this "great human problem" must be met as part of the reconstruction of the world and that the "United Nations undertake to finance and manage a real solution as part of the war."

Cotton Spinning For June

The Bureau of the Census announced on July 22 that according to preliminary figures, 23,438,038 cotton spinning spindles were in place in the United States on June 30, 1943, of which 22,777,328 were operated at some time during the month, compared with 22,788,058 for May, 22,893,630 for April, 22,925,194 for March, 22,859,160 for February, 22,889,954 for January, and 23,094,560 for June, 1942. The aggregate number of active spindle hours reported for the month was 10,701,938,401. Based on an activity of 80 hours per week, the cotton spindles in the United States were operated during June, 1943, at 129.7% capacity. This percentage compares, on the same basis, with 134.1% for May, 133.2% for April, 134.4% for March, 135.9% for February, 138.8% for January, and 133.7% for June, 1942. The average number of active spindle hours per spindle in place for the month was 457.

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"Our Reporter On Governments"

By S. F. PORTER

Well, the reaction came, before, not after Mussolini's downfall. . . . The decline which was forecast in this column, which you were warned about. . . . It's never good sense to be "complacent"—especially about a market which has been in a protracted upswing. . . . It's never a good idea to be sure you're on a one-way street, because there's no such thing. . . . There's always a turn some where along the line. . . . And this observer points with what it is hoped you'll excuse as pardonable pride to the predictions printed here during the last few weeks about the imminence of a turn in the trend. . . . A breathing spell. . . . A drop "sponsored" and "approved" by the official sources. . . . The timing was right for it. . . . The price level demanded it. . . . And the complacency—remember that word and guard against the state of mind—made it inevitable. . . . But now let's get on to the background of the reaction which carried the tax-exempt 2¾s of 1965/60 down to 112 last week and to some of the inside stories. . . .

This wasn't a shake-out. . . . It was a shake-down. . . . A prime and highly significant distinction. . . . There was virtually no trading in the long-term tax-exempts on the way down last week. . . . Reports were heard all over the Street about the inability of dealers to liquidate blocks of 25 bonds! . . . The market suddenly closed down. . . . Bids disappeared. . . . Prices were marked down without an accompanying absorption of supplies of bonds. . . .

And then Secretary Morgenthau came along and in a letter transmitted through the Federal Reserve Banks to Government bond dealers, denied the story that was the basis for the rumor. . . . Did his best to knock down the report which had been the basis for the whole thing. . . . And the reaction was over—just as the world received the news that Mussolini had fled from his untenable position and his government had fallen. . . . Only, Morgenthau tried to keep the newspapers from printing the story, so it's not generally known that the Secretary of the Treasury actually stepped in to kill the grapevine tale. . . .

But let's go back—to something this observer considers of tremendous importance. . . . Namely that the reaction in the tax-exempts had all the ear-marks of a "phony" . . . And blunt as that seems, all that's asked is that you read the following and then draw you own conclusions. . . .

(1) According to the story, the reason for the drop in the tax-exempts was the rumor started by a writer on Government bond movements from Washington to the effect that the exemption clause was going to be made less favorable by Congressional action. . . .

(2) It's all vague as can be but the tale was that the Treasury was going to recommend a lowering of the corporate normal tax from 24% to some unmentioned figure in order to eliminate the advantage of the exempts. . . .

(3) If the exemption was made ineffective by this, the rise in such an issue as the 2¾s, for instance, since last year would be without foundation and a prolonged decline would be justified. . . .

(4) Had you heard that story from any authoritative source?

(5) Had you seen it in the newspapers? Did or do you believe the rumor? . . .

(6) Outside of that rumor, the market had no adverse influence to battle. . . . It was tired, sure. . . . That was clearly told in these columns weeks back. . . . It deserved a shake-out. . . . But a shake-down? . . . That's somehting else again. . . .

And to top it all off, after the market had been shaken down Morgenthau felt it necessary to come along and write the dealers—via the Reserve Banks—that:

> "I feel there is a contract which stands between the Federal Government and the holders of these Federal tax-exempt securities and I don't intend to directly or indirectly circumvent it." . . .

Maybe we're being unfair but we wouldn't be surprised to learn in the future that some of the bigger dealers around Wall Street "make a killing" on this one. . . .

Maybe we're being unduly suspicious, but the comeback in the quotations—especially on the 2¾s—was a little too easy to have been completely natural. . . .

And now as for the news from Italy and the market's uneasiness, that's to be taken for granted and is entirely logical. . . .

For Dealers . . .

4 stocks with post-war prospects in the small Aeroplane, Home Laundry, Electronics and Television fields, selling between 3½ and 6½.

Aeronca Aircraft Corp.
Bendix Home Appliances, Inc.
Allen B. DuMont Laboratories, Inc.
Majestic Radio & Television Corp.

Information on request

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We're simply witnessing that correction in the market which was essential and which had to come to permit individuals and institutions to buy with confidence again. . . .

THE SEPTEMBER DRIVE

That's good news Secretary Morgenthau gave us on the September drive. . . . Good bonds chosen for the basket and unless things go completely haywire, the campaign should be a successful one. . . . $15,000,000,000 isn't too much if the drive is properly handled and judging from the unprecedented preparations, it's going to be. . . . It'll come from individual investors, corporations, insurance companies, savings banks, trust funds, etc. . . . And the banks in the commercial classification will be able to come in right after the drive officially closes and pick up a few billions of new 2s and new ⅞% certificates. . . .

Incidentally, that might mean real trading in the securities won't begin until after the commercial bank subscriptions are in. . . . For the commercial banks make the market and their activities are essential for an active, colorful session. . . .

Essentially, the "basket" will be the same as in the second war loan drive. . . .

Series E, F and G war bonds, of course. . . . Apparently, the Fs and Gs are here to stay despite persistent rumors to the contrary. . . . Comment from authoritative source is that Treasury has no desire to eliminate a list of people who are buying happily and steadily. . . . Fs and Gs have their followers, have built up definite favor in specific groups. . . . So regardless of the disadvantages of a "demand" bond, they're here indefinitely. . . .

Series C savings notes. . . . For tax anticipation purposes. . . . Large corporations may buy these with confidence and thus pursue their own pay-as-you-go plan. . . .

2½% bonds of September 15, 1969/64. . . . The fourth of the "on sale" series of 2½s, identical in every respect—except exact due date—with most recent issue of 2½s of 1969/64. . . . The June 15 2½s are selling at 100.10-12 at this writing. . . . The 1968/63 2½s are holding around the 100.16-100.18 level. . . . The 1967/62 2½ are at 100.30-31. . . . And now these are coming in. . . . They should be attractive, should get up to the 100.8 or 100.10 level without any trouble shortly after closing of the subscription books. . . . But commercial banks can't buy. . . . And so the big play that ordinarily follows an issue bought by the banks will not be there. . . .

2% bonds of September 15, 1953/51. . . . Also designed to slip right into growing list of 2s in the intermediate classification. . . . Various 2% issues due in the 1951/49 group are selling between 101.5 and 101.14. . . . 2s of 1952/50 group are selling between 100.21 and 100.30. . . . 2s of 1955/51 are at 100.20. . . . So here come these 2s of 1953/51, destined for a ½ to ⅝ premium after market settles down. . . . Should be the best bond to play with. . . . Should arouse the most speculative interest. . . . Commercial banks can't buy these during the drive but after the drive is over, banks will be getting their own flotation of 2s and ⅞s and the 2s well may be the same as these. . . . Or only slightly different. . . . So keep your eye on this one, particularly. . . .

And ⅞% certificates. . . . The usual thing. . . . Secretary Morgenthau also sold $2,509,000,000 ⅞% certificates last Thursday and Friday to refinance the $1,609,000,000 maturing certificates of indebtedness and to raise an extra $900,000,000. . . . With this extra $900,000,000 in the form of new ⅞s, the Treasury has the huge sum of $17,461,000,000 certificates of indebtedness outstanding. . . . All due within the year. . . .

And now that the ⅞s have been taken care of and, as forecast last week, Morgenthau has raised another $900,000,000 along with this refunding, he still must sell new issues to take care of the $279,000,000 1% notes due September 15 and the $1,401,000,000 3¼s up for payment October 15. . . . Unless he chooses to use up his hard-raised cash from individual subscriptions to pay these off. . . . The 3¼s are holding at 100.22, indicating a refunding offer is expected. . .

INSIDE THE MARKET

One rumor around is that the Washington service that spread the story about the lowering of the normal corporation tax came to New York to check the story, then went back to Washington and sent the story out from there! . . . An odd enough way to find "official" information. . . .

No doubt about it. . . . The weakness in the exempts created some wonderful trading opportunities and now that the clouds have been cleared away, there should be marvelous possibilities in those 2¾s and 2⅞s. . . .

It's hard to imagine how Congress could explain to the public any move lowering the normal tax rate, even though it raised the surtax rate at the same time and tried to show how it would eliminate tax-exemption on Governments. . . .

J. J. Flanigan With Buckley Brothers

LOS ANGELES, Calif.—John J. Flanigan has become associated with Buckley Brothers, 530 West Sixth Street, members of the New York Stock Exchange, as manager of the trading department. Mr. Flanigan has been identified with the security business in Los Angeles and San Francisco for a number of years.

Triumph
Explosives

Bought — Sold — Quoted

•

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Bell Teletype NY 1-61

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Chicago, Milw. & St. Paul
Western Pacific
Old Pfds. & Common

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Fed. Machine & Welder Situation of Interest

Federal Machine & Welder Co. offers attractive possibilities, according to Reynolds & Co., 120 Broadway, New York City, members of the New York Stock Exchange. An interesting basic report upon the company may be had from Reynolds & Co. upon request.

Situations Of Interest

Buckley Brothers, 1529 Walnut Street, Philadelphia, Pa., members of the New York and Philadelphia Stock Exchanges, have prepared interesting circulars on Four Wheel Drive, Autocar Co. common and preferred, and York Corporation w. i., which offer attractive possibilities at current levels the firm believes. Copies of these interesting circulars may be had from the firm upon request.

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In 2 Sections—Section 2

The Commercial and FINANCIAL CHRONICLE

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The Financial Situation

It is now evident that the President's long record of labor favoritism in general, and his veto of the so-called anti-strike bill (unsuccessful though it was) in particular are bearing fruit in the organized and vigorous efforts of both the major divisions of labor unionism to marshal the voters of the country behind him. Yet it is likewise clear that the unions are not satisfied even with this record of undeviating support. They are now demanding drastic action in respect of the cost of living, and say bluntly that unless they obtain it they will not be further bound by the so-called Little Steel formula—or words very nearly to that effect.

A Characteristic Reaction

The reaction of the President is characteristic. Expressing sympathy with the leaders who dare assume an attitude which he would quickly and vitriolically condemn were it assumed by business, he suavely assures the public that nothing in the nature of an ultimatum has been issued, and announces that he is engaged in the formulation of a "new" program designed to reduce the cost of living—a program which, according to usually reliable sources, would include not only "roll-backs" of the prices of a substantial list of articles, but the payment of wage increases in scrip or bonds which could be converted into cash only after the war, an "industrial feeding" plan (whatever that is), a revival and expansion of the old food stamp idea, and the expenditure of large sums of the taxpayers' money to stimulate production of certain foodstuffs. By such means it is hoped to prevent or control "inflation".

A Discouraging Picture

It is a discouraging picture. No further evidence is required that neither the President nor the leaders of labor understand what is actually taking place. Neither were able to understand what was occurring during the 'thirties when "inflation" was "in the air," so to speak. Both the President and his labor leader friends appear to think of "inflation" merely in terms of prices. If there is no rise in

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Mortgages As Investments

Roger W. Babson Stresses Inflation Effect Thereon

GLOUCESTER, Mass.—I am spending a few days here in this great fishing center. In fact, I am writing this column in the house where I was born at 58 Middle Street. These annual visits mean much to me. They not only enable me to renew old acquaintances, but I learn much from noting the changes of the past fifty years. Both the sunny and dark sides of the business and social cycles are so evident in this old city.

Avoid Doing As Others Do

Roger W. Babson

It was only a few years ago that the Gloucester City Fathers felt that the fishing business was "gone for good"; while that their future prosperity would depend upon the tourist and summer business. Today, however, the fish business is operating at an all-time high with great profits to all engaged therein; while many of the summer hotels are closed and cottages can be rented for a song. Yet, the breezes are as cool; the bathing is as fine, and the sunsets are as beautiful as ever. Certainly, this is the ideal summer to visit Gloucester and similar resorts to get both rest and attention.

The great change in the local situation here reminds me of one of the many wise things which my Father used to say:—"The wheels of business and investments are continually turning. A few persons have the courage to get on the wheel when prices are at the bottom and to get off when at the top. Most people follow the crowds and get on the wheel when prices are at the top and get off when they are at the bottom. Those, however, who will get on the wheel **and stay on,** through high prices and low prices, will get 6% interest, a fair profit and reasonable security."

Banks May Be Wrong

Just now New England people are much disturbed about mortgages which were the prime and safest investment when I was a boy. Since then much of the mortgage property has deteriorated and the banks have been

(Continued on page 440)

WLB Cautions Labor Against Inflationary Wage Rise Demands

The War Labor Board announced on July 23 that it has no intention of scrapping the "Little Steel" wage formula "even though other divisions of the anti-inflation army may weaken," and cautioned labor against seeking "inflationary wage increases."

The WLB's position was presented in an opinion denying wage increases in the Los Angeles transit workers' case. The WLB told organized labor that "before making wage demands that cannot be granted under the board's stabilization program, labor should look to what is likely to happen if that program is broken down."

The "Little Steel" formula declares in general that wage increases granted to compensate for higher living costs shall not total more than 15% of wages paid Jan. 1, 1941.

In Associated Press Washington advices, the following was reported:

"The present day problems of our domestic economy are becoming so serious and critical," said the opinion written by Wayne L. Morse, public member of WLB, "that the Board must hold the lid on wages and, at least for the time being, must insist that labor make wage sacrifices." Declaring that the Board intends to hold the line against inflation "in so far as demands for inflationary wage increases are concerned," the opinion observed:

"The time has come for labor to realize that if we are going to stop inflation we cannot continue to raise wages in the wage brackets which are not substandard.

"However, having made sacrifices in the form of unrealized wage increases and decreased purchasing power, labor is in an excellent position to voice the demand that prices be rolled back to reasonable levels and that the cost of living be strictly controlled."

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Pension Trust Regulations Released

By PETER GUY EVANS

Certified Public Accountant; Member of New York Bar; Lecturer On Taxation at Rutgers and Columbia Universities

On July 8, there were released the long-awaited Regulations explaining Section 162, of the Revenue Act of 1942, regarding the allowance of deductions for payments to pension trusts coming within the purview of Section 165 of the Internal Revenue Code. These Regulations, issued as Treasury Decision 5278, are interpretations of the law of pension trusts as now included in the Code; they are promulgated by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury.

Peter Guy Evans

That it took the Commissioner a long time to write them cannot be denied. They were promised in February although the Revenue Act of 1942 was passed on October 21, 1942!

Both the law and the Regulations must be carefully read and studied by those interested in pension trusts. Not only should they be read by those contemplating the creation of new pension (also stock bonus and profit-sharing) plans, but also by those who have such plans in operation. The latter, to maintain or to establish their legality under the new tax provisions, must make the necessary amendments or changes in their plans before the end of the year. The Regulations solve some of the problems created by the 1942 law.

The object of such trust plans is to provide for systemic retirement of employees and to cut down ultimate pension costs, to improve employee efficiency and relations, to encourage savings and help build up security and independence for old age by taking care of salaried employees, and finally to effectuate a tax saving. (Since Unions take care of the wage earners, employers usually exclude such hourly employees from their plans.) Taxes are saved by the employer who makes the payments to the qualified trust and gets his deduction currently, while the employee who is the beneficiary does not have to pay taxes until he ultimately receives his pension.

That the Treasury derives no taxes on payments made to employees' trusts is not material despite the fact that the employer gets his tax deduction. The tax on the employee is merely deferred and who can say what the tax rates of the future will be when the employee receives his pension. The derivable tax revenues from this source, comparatively, are negligible.

If a trust, embodied in a pension plan, is to be accorded favorable tax treatment certain requirements must be strictly met by the plan.

Important among these limitations are the provisions:

(1) that the trust seeking exemption must be part of a plan for the exclusive benefit of the employees;

(2) that the plan must cover a fixed high percentage of the total employees or, in the alternative, that it must embody a classification of employees which is determined by the Commissioner of Internal Revenue not to discriminate in favor of officers, stockholders, supervisory or highly compensated employees; and

(3) that the employer contributions and employee bene-

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From Washington Ahead Of The News

By CARLISLE BARGERON

It is probably a little late to be writing about the tribulations of Mussolini but the fact is that they have had a profound effect on Washington. A healthy one, too. It is nothing unusual now to see a Big Shot or a Czar going around with a hanging head. Somehow or another it has tended to put a fellow's feet on the ground, to give him a touch of humility when humility was so badly needed.

The reason for this is that in our generation Mussolini was the original Big Shot. Your correspondent remembers just as well as anything that happened yesterday when he marched into Rome. There was nothing particularly pompous about him at the time, the Government was given over to him on a silver platter. Then he got to developing the Jutting Jaw.

You get a real kick on looking back on those days. We were riding high, wide and handsome. Our literature concerned the number of people who annually broke their skulls by slipping in bathtubs—there were two of them in every house. Coolidge came in and gave us a thrill by espousing "economy" in government. It was his futile but heroic way of getting us interested in Government. One night down at Constitution Hall, his budget director, Charlie Dawes, created a sensation at one of Coolidge's meetings of Government employes, by grabbing a broom and sweeping the stage. Coolidge had told the employes that they had to save on erasers and pencils. Dawes, to dramatize this and by way of stealing the show, grabbed a broom and began sweeping the stage. "Sweep

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The Financial Situation

(Continued from first page)

prices, there is no inflation, they seem to suppose, and no harm done. If they choose to define inflation as a rise in prices, that, of course, is their right, but it would be more than foolish to permit this definition of the term to lead to the conclusion that such underlying changes as those occurring in money and banking in the 'thirties, and those now taking place on a much larger scale do no harm unless they cause or are accompanied by a rise in prices.

No Inflation?

According to the President's definition the mad 'twenties was not a period of inflation. Possibly it would be as well to call it by some other name. The matter is no great importance unless we permit ourselves to be deceived by terminology. The fact is, though, that bank deposits rose from about $36 billion in 1921 to about $57 billion at the end of 1928. The wholesale price level as measured by the index of the Bureau of Labor Statistics was lower in 1928 than in 1921. There was only a very slight increase in the cost of living throughout the period. It was not, therefore, an inflation period—as terms are used in Washington. It was, however, certainly not a period of economic and financial sanity and health, and it was followed by one of the most severe and generally devastating depressions in history. Evidently something happened during those years which had to be paid for through the nose at a later date.

Money Supply

Clearly, there was a continuous, large and wholly unwarranted increase in what has become popularly known as the "money supply" which succeeded in stimulating activity which was not well or soundly conceived, and in making it possible to postpone for several years the facing of underlying economic ills—to postpone dealing with them, but not to avoid the consequences of that postponement. Those consequences proved to be as inexorable as natural law always is. The fact that there was no important upward movement of prices either at retail or wholesale may or may not have softened the economic retribution somewhat, but it certainly did no more than that. Plainly the evil of such economic procedures as dominated that period were in no way measured by changes in prices.

Not Merely A Matter Of Prices

Neither can the financial evils which have characterized the management of public affairs since 1933 be measured in terms of price indexes. Commercial bank deposits which stood at $29 billion at the end of 1933, had risen to about $60 billion before we entered the war. On December last they amounted to $78 billion, and today probably are very nearly, if not quite, $85 billion. Money in circulation, which stood at $5.7 billion on June 30, 1933, had risen to $11.2 billion by the end of 1941. Today the figure is more than $17 billion. Underlying these increases and primarily responsible for them is the increase in the sales of Treasury deficits to the commercial banks. The commercial banks of the country (including the Federal Reserve) held about $9.8 billion of Government obligations on June 30, 1933. By the end of 1941 they held about $24 billion and today they hold probably not less than $60 billion.

As a result of all this the public today owns some $100 billions in money, or its equivalent, as compared with $35 billions in 1933, and $71 billion at the end of 1941. The assets held by the banks which gave rise to this enormously inflated money supply are for the most part at the opposite pole from anything that could be termed self-liquidating. This money supply will survive the war, and will inevitably remain for years thereafter. It is largely beyond the reach of ordinary techniques of credit control. It can be reduced only by sale of bank assets to the public. If the President or his friends among the labor leaders think that this situation will result in no great injury if only prices do not meanwhile rise, they are doomed to a rude awakening at one time or another. We have sown, and are still sowing, the wind, and we shall not escape the whirlwind by so simple a device—if it is simple in actual practice—as preventing it from blowing things about for a period.

War Finance

It will be said by many that such is the inevitable cost of total war. In one degree or another it is. Nothing is to be gained by gainsaying that fact. It is equally as true, however, that, other things being equal, the more this expansion of credit is limited the lighter will be later consequences. Equally true is it that the efforts of the Administration to limit it leave a great deal to be desired. To be sure, the government has greatly increased taxes, and is constantly appealing—often fatuously—to the public to buy government bonds with savings. The fact remains that its taxes fall most lightly upon those who are enjoying the largest increase in income as a result of war activity. It is bleeding enterprise to the point where it may not be able to conserve strength and vigor sufficient to carry inevitable postwar burdens as it is expected to do. It is drying up the springs of new capital by taking enormous amounts regularly from those groups in the population which have substantial incomes. The wage earner, by and large, the very individual who is now crying unto heaven about the cost of living, has more left after supplying his daily needs and satisfying the tax collector than he ever had before in his life. Failure to reach him in current tax programs is not only making it difficult to stem the tide of rising prices at its source but is laying up trouble no end for some later date when the consequences of that failure become really apparent.

It would be a good thing if the Administration and labor worried less about higher prices now and more about the ultimate consequences of the inflation that is already proceeding regardless of prices.

A Gem!

"If we are to mobilize peace production in the service of all the people we must completely turn away from scarcity economics. Too many corporations have made money by holding inventions out of use, by holding up prices and by cutting down production.

"Witness 1932 with farm machinery and automobile prices cut less than 15%, but with production cut by 75%. No wonder hog prices in 1933 fell as a result of unemployment and scarcity in the cities to a level only 40% of normal.

"But pig production in 1933, even with the program of killing little pigs at light weights, was normal. In contrast pig iron production went down by more than 60%.

"I say that a million times as much injustice has been done to the American people by the slaughter of immature pig iron, the abortion of baby farm machinery, and the killing of promising inventions as ever was done by killing little pigs at light weight.

"But in any event, the little pigs did not die in vain. Their death helped the country through an emergency. And the fact that it was necessary to kill them gave the American public a complete and utter abhorrence of scarcity economics—the economics which in 1932 held up city prices, but cut down city manufactures, cut them in half, lengthened bread lines, and cut farm prices by more than one-half.

"What we want is balanced production of both pigs and pig iron, with prices of both equally flexible and equally stable."—Vice President Henry A. Wallace.

Verily, the thought processes of the "mystic" are past finding out!

The apostle of scarcity now a prophet of abundance!

The Vice President would do well, and the American people still better, if he took a long vacation.

The State Of Trade

Reports from the heavy industries were generally favorable for the week, with electric power production reaching a new all-time high. Carloadings showed a substantial rise above the previous week's figures, with steel production only slightly lower. The retail trade continues to show outstanding gains compared with last year's figures.

Another new record was set in electric power production during the week ended July 17th, the Edison Electric Institute reports, with a total of 4,184,143,000 kilowatt hours against 3,919,398,000 the week before.

The previous high of 4,120,038,000 kilowatt hours was set in the week ended June 26th.

Demand for the nation as a whole was 17.4% above that of 1942, with the Pacific Coast showing the greatest increase, 23.4% over last year.

Carloadings of revenue freight for the week ended July 17th totaled 877,330 cars, according to the Association of American Railroads. This was an increase of 68,700 cars from the preceding week this year, 20,184 cars more than the corresponding week in 1942 and 22,000 cars under the like period two years ago.

This total was 123.86% of average loading for the corresponding week of the ten preceding years.

The steel industry appeared to have pretty well recovered its wartime stride judging from reports from major producing centers, indicating projected mill rates for the new week.

With coal production once more approaching pre-shutdown levels in most mining areas, steel makers were evidently pushing schedules ahead as rapidly as reserve fuel piles and incoming coal supplies will permit.

Pittsburgh mills, for example, plan to start off next week at 100% of capacity, a gain of one point over the current period and contrasting with 78.5% a month ago, when the coal strike was in progress.

Steel operations this week for the industry as a whole are scheduled at 98% of ingot capacity, a decrease of 0.3% from the previous week, according to the American Iron & Steel Institute A month ago, when the coal strike was on, steel mills operated at 90.3%, while operations stood at 96.3% a year ago.

Production this week will total approximately 1,697,000 net tons, against 1,702,200 tons a week ago; 1,563,700 tons a month ago, and 1,647,700 tons in the like 1942 week.

Civil engineering construction in continental United States totals $48,969,000 for the week. This volume, not including the construction by military combat engineers, American contracts outside the country, and ship-building, is 53% below a week ago and 67% below the corresponding 1942 week, Engineering News-Record reports.

Private construction is 63% below last week and 54% below the 1942 week. Public construction is 51% below last week and 67% below the same week last year. Federal construction at $36,917,000 compares with $84,425,000 a week ago and $128,487,000 a year ago.

The retail trade continues quite active. Retail sales, supported by generally favorable weather conditions and an active consumer interest in summer and early fall lines, recorded fair volume during the week and less than the usual seasonal let-up, according to the weekly review of Dun & Bradstreet, Inc. Promotions were diversified and reflected compliance with the War Production Board request asking retailers to refrain from promotional activity which might induce "scare" buying.

Retailers reported that to date no effect of the new withholding tax had been noticed. Trading in wholesale markets remained quiet except in those regional centers now holding fall market openings. Buyers in the market were largely concerned with checking the progress of orders previously placed, the review said.

Department store sales on a country-wide basis were up 20% for the week ended July 17 compared with the like week a year ago, according to the Federal Reserve system.

Store sales were up 19% for the four week period ended July 17th compared with last year.

Department store sales in New York City were 11% larger in the July 24th week than in the corresponding week of last year, according to a preliminary estimate issued by the Federal Reserve Bank of New York.

In the previous week sales of New York City department stores were also 11% higher than in the comparable week a year ago.

The Commerce Department estimated that liquid assets of individuals and businesses may increase as much this year as the $50,000,000,000 gain experienced during the two preceding years together.

Liquid assets are regarded as savings, including War Bonds, bank deposits and idle money.

"Should the war continue two years or longer," the department added "this huge reserve of accumulated funds is certain to grow by further tens of billions."

Pointing to the post-war inflationary potentialities of this "prospective mountain of accumulated liquid assets," a department statement said the "danger can be avoided chiefly by placing the further financing of the war as largely as possible on a pay-as-you-go basis, which is the declared policy of the Federal Government."

Atlantic Charter Not Treaty, Says Churchill

Prime Minister Winston Churchill told the House of Commons on July 14 that the Atlantic Charter "was not a treaty requiring ratification or any formal endorsement of a constitutional character on either side of the Atlantic."

In reporting this, Associated Press London advices also said:

"His statement was made in reply to a question from Maurice Petherick, who asked whether the charter 'has any binding force on the United States or on Great Britain in view of the dangers to peace treaties which might follow the war.'

"Then Mr. Petherick asked if the Prime Minister would start negotiations for amendment of the charter in view of 'the apprehension which exists in this and Allied countries that some of its clauses will gravely hamper freedom of action of the United Nations in settling the terms of peace.'

" 'It was a statement of broad views and principles which are our common guide in our forward march,' Mr. Churchill said.

"Mr. Petherick referred particularly to the first two clauses, which are:

"1. They seek no territorial or other aggrandizement.

"2. No territorial changes that do not accord with the 'freely expressed wishes of the peoples concerned.' "

Pension Trust Regulations Released

(Continued from first page)

fits must also not discriminate in favor of those classes of employees above specified.

Two sections of the Regulations cover integration with the Social Security system of plans which do not include employees not earning over $3,000 a year. No particular formula is established. However, it is ruled that such plans must be so integrated that the total benefits received by members of a plan (including their Social Security benefits) will not be proportionately greater than the benefits received under the Social Security Act by those not included in the plan.

Simultaneously with the release of the Regulations, there were issued three special rulings by the Income Tax Unit of the Bureau relating to plans covering employees earning over $3,000. The first two are held legal and payments made thereto are deductible as they comply with the requirements concerning integration with Social Security; the third does not come within the provisions of the law and consequently payments made thereto are not deductible.

The three plans are outlined below:

	I.T.3613	I.T.3614	I.T.3615
Effective date of plan	1-1-42	12-1-42	10-1-42
Covers those earnings over $3,000 a year having ---- years of service	1	5	5
Are others covered by the plan when the eligibility requirements are met?	Yes	Yes	Yes
Retirement age	65	65	60
Provided --- years of service completed	---	15	---
Contributions by employees	None	None	None
Total number of persons employed	2,000	1,000	3,000
Total number in plan	300	100	150
Non-stockholders	295	90	147
Stockholders	5	10	3
Owning directly or indirectly—		Not Over	
Of outstanding stock	20%	5%	5%
Officers or supervisory employees	30	15	28
Does plan meet requirements of the Internal Revenue Code and Regulations?	Yes	Yes	No

(a). Provides an annual retirement income for life equal to 1% of employee's base salary in excess of $3,000 for each year after inception of plan, and ¾% of the base salary for each year's service, for the five years immediately preceding the plan's inception.

(b). Provides retirement income for life equal to 30% of the average amount of employee's annual base salary in excess of $3,000 for the period during which he was covered. But annuity paid could in no event exceed 25% of the average annual pay, plus ¼%, times the number of completed years of service after Dec. 31, 1941.

(c). Provides retirement benefits, at employee's option at age 60, equal to 50% of the total salary for the year in which employee **entered** plan, irrespective of year of retirement. Here, an employee aged 60, having 30 years of service and receiving $10,0000 a year, would receive, were he to continue working until he reaches 65, benefits of $5,000 plus the Social Security benefits, or about 55.3% of his salary. On the other hand, an employee not covered by the plan would receive at age 65, about $533 in Social Security benfits or about 17.77% of his salary. Thus the percentage applicable to employees earning over $3,000 is much greater than that applicable to employees earning $3,000 or less. Furthermore, employees covered by the plan may retire at age 60, whereas those not in the plan receive no benefits under the Social Security program until they have reached 65. Since benefits under the plan are based upon salaries in effect at time employees enter plan, it is evident that the present highly compensated employees will receive benefits based on their current high salaries. The present lower paid employees and the new employees will be limited to benefits based on salaries when they enter the plan, regardless of any subsequent increases in salary. Obviously, for these reasons, this plan was not approved.

Now, coming to the Regulations we find that the following are some of the more important highlights:

(1) **Qualification**—To qualify, the trust's eligibility conditions, benefits and contributions may not discriminate in favor of employees who are officers, shareholders, supervisory or highly compensated employees. No doubt the established maxim of law "the **substance** and not the form will control," will prevail here, as it does in all matters of tax procedure, the purpose of which is to effectuate a tax saving. Consideration will also be given to the plan's actual operation as well as its attendant circumstances.

(2) **Duration—**Employer may reserve the right to change or terminate the plan and to discontinue contributions thereunder. However, where such right is exercised, the Commissioner will look closely into all the facts to ascertain whether such action was prompted by business necessity. He may even question whether or not the trust plan was established in good faith, especially so, where it is abandoned within a few years after its inception. The resulting consequences may be fatal to the employer who claimed deductions for contributions.

(3) **Proof of Exemption**—An affidavit showing its character, purpose, activities, sources and disposition of corpus and income must be submitted as well as verified copies of the trust and plan and amendments thereof; latest financial statements showing assets, liabilities, receipts and disbursements must be furnished; also the detailed information listed under (7) below.

(4) **Social Security Supplementation**—As evidenced by the above rulings, employees making $3,000 or less may be excluded from a plan. However, the benefits must be proportionately supplemental to the Social Security program.

(5) **Annuities with Life Insurance Policies** — Life insurance premiums constitute taxable compensation to the employee in the year that the employer pays them, while retirement amounts are not taxable before payment is made to the beneficiary. Accordingly, the life insurance protection cost must be determined; this is illustrated by an example in the Regulations.

(6) **Payments**—Deductions are allowable only for the year for which the contribution is paid despite the fact that the employer files his tax returns on the accrual basis. The deduction, however, will be allowed to such taxpayers provided actual payment is made within 60 days after the close of the taxable year of accrual.

(7) **Information**—There must be submitted a statement describing the plan, its provisions, date of inception, type of administration—trusteed or insured—, and a summary showing eligibility requirements, contributions of employer and employee, formula for determining benefits, vesting requirements, method of funding, and basis of distribution, etc. There must also be furnished a detailed tabulation with respect to the 25 highest paid employees, showing their age, official connection, length of service, compensation paid or accrued, etc. Also a schedule containing the number of employees not covered by the plan, reasons for such exclusion, etc.

(9) **Actuarial Computations** — The employer's contributions must be computed on a sound actuarial basis, otherwise, the deduction may not be allowable. For the second and each fifth year thereafter a certification by a qualified actuary must accompany the return to show the correctness of the payments to the plan.

(10) **Overpayments**—Any overpayments (or underpayments) are correctable each taxable year. Thus, if there is an overpayment in one year, the deduction in the ensuing year must be reduced by the decrease in the actuarially computed liability. For example, if the normal cost is $100,000 and $150,000 is paid in 1942, a deduction of only $100,000 is allowable for 1942; if the normal cost for 1943 remains $100,000 and the employer pays in $75,000, a deduction of $100,000 is allowable for 1943, and the remaining $25,000 excess (from the 1942 overpayment) will be allowed in a following year in which the amount paid is less than the normal cost for such year.

It is apparent from the above that the problem of pension trusts requires a careful and exhaustive study and consideration of all factors affecting the employer's present as well as the future picture. It should be considered not only from the tax angle but also from the financial angle, before any commitments are made by the employer. This advice cannot be stressed too emphatically!

Gov. Employment At New High In May

The Civil Service Commission reported on July 20 that Federal civilian employment numbered 3,029,000 persons. There were gains in War, Navy and Agriculture Departments; but a total reduction of 5,000 employes in other executive agencies.

In Washington advices of July 20 to the New York "Times," the following was reported:

"At the end of May 9% of Federal civilian employes were working in the Washington metropolitan area. Of the 2,749,000 employes outside, 80% were in the War, Navy and Postoffice Departments.

"Nearly 1,000,000 women were in Federal service, a rise of 69,500 over the preceding month. Most replacements of men by women were in the War and Navy Departments.

"Between May, 1940, and May, 1943, there was a total increase of 2,048,682 in Federal civilian employment."

Says Regimentation Must End With War

Precautions should be taken now to insure post-war return of those fundamental rights and democratic principles the American people have voluntarily relinquished to help win the war, Roane Waring, National Commander of the American Legion, told members of the Executives' Club of Chicago at a meeting on July 20. The Chicago "Tribune" from which this is learned, quoted Mr. Waring as saying:

"We have surrendered many of our rights in time of war, we have submitted to restrictions and even to regimentation. All these are accepted as necessary for victory. But we must bear in mind that these sacrifices are temporary and see that they are returned to us when the emergency is over."

Begin Apprenticeship To World Peace, Vice-President Wallace Exhorts Americans

All Americans were called upon on July 25 by Vice-President Henry A. Wallace to begin now "their apprenticeship to world peace" by shouldering responsibilities for "enlightenment, abundant production and world cooperation."

Speaking at a meeting sponsored by Detroit labor and civic groups, Mr. Wallace warned that "there are powerful groups who hope to take advantage of the President's concentration on the war effort to destroy everything he has accomplished on the domestic front over the last ten years."

Referring to "isolationists," "reactionaries" and "American Fascists," he said:

"Sooner or later the machinations of these small but powerful groups which put money and power first and people last will inevitably be exposed to the public eye."

Mr. Wallace spoke in defense of President Roosevelt, when in referring to his recent visit to Latin America, he said that "in South America I found that the lowliest peon looked on President Roosevelt as the symbol of his dearest aspirations in the peace to come." He added that this is so also in China and occupied Europe, and asserted that in the final showdown, the President "has always put human rights first."

The following regarding the Vice President's remarks was reported in Associated Press Detroit advices:

He asserted that "when we as victors lay down our arms in this struggle against the enslavement of the mind and soul of the human family we take up arms immediately in the great war against starvation, unemployment and the rigging of the markets of the world."

Mr. Wallace declared that the nation was not confronted with a choice between an Americanized Fascism and the restoration of pre-war scarcity and unemployment, saying that "too many millions of our people have come out of the dark cellars and squalor of unemployment ever to go back."

"Our choice," he maintained, "is between democracy for everybody or for the few—between the spreading of social safeguards and economic opportunity to all the people—or the concentration of our abundant resources in the hands of selfishness and greed."

Here in Detroit, scene of a recent race riot, the Vice-President said that many "patriotic and forward-looking citizens are asking 'why not start now practicing these four freedoms in our own back yard?'" "They are right," he exclaimed. "A fuller democracy for all is the lasting preventive of war. A lesser or part-time democracy breeds the dissension and class conflicts that seek their solution in guns and slaughter."

"We cannot fight to crush Nazi brutality abroad," said Mr. Wallace, "and condone race riots at home. . . . We cannot plead for equality of opportunity for peoples everywhere and overlook the denial of the right to vote for millions of our own people. . . . We cannot offer the blueprints and skills to rebuild the bombed-out cities of other lands and stymie the rebuilding of our own cities. Slums have no place in America. . . . We cannot assist in binding the wounds of a war-stricken world and fail to safeguard the health of our own people. . . . We cannot hope to raise the literacy of other nations and fail to roll back the ignorance that clouds many communities in many sectors of our own nation."

He referred to those who have attacked his philosophy—"those twisters of fact who shriek that your Vice President is a wild-eyed dreamer trying to set up T. V. A.'s on the Danube and deliver a bottle of milk to every Hottentot every morning."

Mr. Wallace suggested that those critics read the report of the post-war problems committee of the National Association of Manufacturers—"business men all"—which, he said, "has wisely declared that increased production in other countries will not reduce living standards in the United States."

He listed these as America's assets "when the guns stop":

1. Man power by the million.
2. The largest industrial plant capacity in the world.
3. The greatest resources, both natural and artificial, to make peace-time products—and thousands of new inventions waiting to be converted to peace-time use.
4. The largest scientific farm plant in the world.
5. The biggest backlog of requirements for housing, transportation, communications and living comforts.
6. The greatest reserves of accumulated savings by individuals that any nation has ever known.

"With such wealth," he asked, "who says this nation is now bankrupt?" "If industrial management," he added, "can bring the same wisdom in producing for peace that it has shown on many production fronts in the supply program for war, the horizons we face are bright."

He expressed faith in "our democratic, capitalistic system," but added that "it must be a capitalism of abundance and full employment. If we return to a capitalism of scarcity such as that which produced both 1929 and 1932, we must anticipate that the returning soldiers and displaced war workers will speak in no uncertain terms."

June Truck Freight Volume 20.1% Over '42

The volume of freight transported by motor carriers in June increased 4.4% over May and 20.1% over June, 1942, according to reports compiled and released on July 26 by the American Trucking Associations.

Comparable reports were received by ATA from 207 motor carriers in 40 States. The reporting carriers transported an aggregate of 1,380,711 tons in June, as against 1,322,885 tons in May and 1,149,235 tons in June, 1942.

The ATA index figure, computed on the basis of the average monthly tonnage of the reporting carriers for the three-year period 1938-1940 as representing 100, was 194.60. The index for May was 180.86.

Almost 81% of all tonnage transported in the month was hauled by carriers of general freight. The volume in this category increased 3.7% over May and 19.7% over June of last year.

Transporters of petroleum products, accounting for approximately 9½% of the total tonnage reported, increased 11% over May and 42.22% over June, 1942.

Haulers of iron and steel products reported slightly more than 3½% of the total tonnage. The volume of these commodities decreased 10% under May, but held 19% over June of last year.

Approximately 6% of the total tonnage was miscellaneous commodities, including tobacco, milk, textile products, coke, bricks, building material, cement and household goods. Tonnage in this class increased 15.7% over May and 0.9% over June, 1942.

Urges Clarification Of Federal Policy On Foreign Imports In Post-War Set-Up

Reorganization of the Office of Economic Warfare under Leo T. Crowley is viewed by William B. Craig, President of the New York Coffee and Sugar Exchange, as offering a real opportunity for clarifying Federal wartime policies on foreign imports and purchases and giving assurance to those in international trade that the government is not moving to eliminate the present system from the post-war economic set-up.

"Such clarification of present policies and reassurance for the future," said Mr. Craig, "should extend to foreign purchases and imports of cocoa, sugar, coffee, tin, copper, wool and hides and other commodities which the country must import." His statement was made following a letter to Mr. Crowley, chairman of OEW, in which Mr. Craig, who made known his views on July 22 as to the assurances needed by those in international trade, said:

"This assurance might well take the form of the new OEW relying upon the accumulated experience of private trade groups and the facilities they have built up during decades of trading in the commodities now being imported by the Government for advice and service to a greater extent than did the agencies dissolved or transferred by the President's order. Certainly, greater utilization of the experience and facilities of processors, dealers and wholesalers should materially expedite the war program of bringing in the large quantities of foods and other raw materials as rapidly as possible.

"Uncertainties over the policy aims of the now defunct Board of Economic Warfare have—rightly or wrongly—created a deep suspicion among businessmen who have traditionally handled the importation and distribution of commodities produced in foreign countries, that the administration may not intend to restore private commodity trading after the war is over as quickly as possible," Mr. Craig stated in his letter sent to Mr. Crowley, following the latter's appointment to the Chairmanship of OEW. Mr. Craig added:

"This is of particular importance now in view of the large excess stocks of some commodities which have been accumulated in producing countries as a result of wartime shipping difficulties. Policies for the orderly disposal of these commodity surpluses must be formulated now. Processors, dealers, wholesalers and bankers interested in these commodities would not be apprehensive over the future if they could be assured that the Government's policy with regard to these surpluses will be formulated after adequate consideration of the value of free market trading. Disposal of these surpluses should be handled through commercial trade channels and facilities wherever possible, or at least in very close cooperation with businessmen experienced in the trade.

"Using coffee as an example, this is an issue which is of vital importance for the largest importer as well as for the smallest coffee roaster in the interior. Elimination of free trading after the war would result in revolutionary changes in our marketing system which would largely destroy the incentive in business and in the final analysis would be detrimental to the public as a whole, which in the past has enjoyed the full benefits of free-trade competition.

"'Moreover, there are clear indications that the coffee and sugar producing nations in our Latin American sister republics are just as emphatic as trade interests in this country that private trading in commodities should be preserved in the post-war era.

"The remarkable improvement in the shipping outlook in recent months enables us to undertake at least a partial renewal for free trading in such import commodities as sugar and coffee, without waiting for the end of the war.

"The war must not be used as an excuse to force upon the American public a system of doing business which they dislike and oppose. The sample of regimentation they have experienced during the war—though admittedly necessary—has aroused Americans in all walks of life, including housewives and corner grocerymen in the most isolated towns in the nation.

"We hear constantly that morale is an important thing. From all over the country come reports that easing of coffee rations has had an immediate effect on the general public. From this experience we can be sure that any indication that our Government does not contemplate the maintenance of unnecessary restrictions and controls any longer than is essential to the war effort will be heartening."

Lewis Acknowledges Authority Of NWLB

John L. Lewis, President of the United Mine Workers of America, who has consistently ignored the National War Labor Board, on July 23 offered to go before the Board and support the contract between the Illinois Coal Association and District No. 12 of the UMW, according to Associated Press dispatches from Washington, which further add in substance as follows:

This Illinois contract provides for portal-to-portal pay of $1.25 per day, an eight-hour day, and a 48-hour week, with time and a half for all hours in excess of 35 each week. This will affect about 35,000 Illinois coal miners. The agreement was signed by Mr. Lewis on July 21 and by the union's policy committee as a model for all other coal producing areas on July 22. It cannot go into effect, however, unless approved by the NWLB.

In a letter to William H. Davis, Chairman of the WLB, Mr. Lewis said in part: "Through the processes of collective bargaining, the International Union, UMW of A, and District No. 12, UMW of A, have come to a wage agreement with the Illinois Coal Operators Association covering the period from April 1, 1943 to April 1, 1945.

"We believe the agreement is in the public interest and stand ready to appear before you in its support in such hearings as you may elect. We sincerely recommend its approval by the board."

Mr. Lewis had refused to go before the Labor Board during its recent hearings in the coal wage controversy. Union spokesmen pointed out, however, that since then Congress has enacted legislation giving the Board statutory authority and the power to subpoena witnesses.

Mr. Lewis's action came after spokesmen for operators in other producing areas had indicated their lack of enthusiasm for the model agreement between the UMW of A and the Illinois Coal Operators Association, and demanded that the Labor Board enforce its ruling that the UMW sign a contract without portal-to-portal pay.

Denies WPB Unit Practices Censorship

Donald M. Nelson, Chairman of the War Production Board, issued a statement on July 7 in which he said "Congressman Maas is misinformed when he says there is censorship in the Printing and Publishing Division of the War Production Board." Mr. Nelson further said:

"Nothing resembling censorship is practiced, directly or indirectly, by the War Production Board. The existing system of paper conservation orders has been devised purposely to avoid any possibility of censorship.

"We are faced with a diminishing supply of paper — what is printed on that paper is not within our province.

"Publishers of books, magazines, and newspapers all have a quota equal to approximately 90% of the paper they have been using in the past. Under the published orders of the War Production Board they can print anything they choose on that paper.

"If publishers need paper in addition to their quota, they file appeals with the Printing and Publishing Division. In cases where undue hardship is proven, relief is granted. This is done without any consideration of editorial content.

"I am submitting at an early date a detailed report on the administration of this Division to Chairman Boren of the Subcommittee of the House Committee on Interstate and Foreign Commerce, which has been authorized to Investigate the paper conservation program of the War Production Board."

Representative Maas in the House floor on July 6 stated that "censorship by controlling the paper for printing the written word is potentially one of the most dangerous practices ever permitted in this country." He said (we quote for the "Congressional Record") that it "was never intended that the control of production should be used also as an agency for censorship and above and beyond and outside the authority granted to the Office of Censorship." Representative Mass urged "that the WPB be required to announce its standards for granting or denying appeals" from its paper limitation orders that it 'be required to define hardships and then to publish its rules and and its proceedings or at least make them available for public examination, and that they report to the Congress all appeals for exceptions from the limitation order and all decisions made thereunder." He added that "this procedure will assure the people of the United States that under the guise of rationing a lessened supply of paper will not be abused now nor in the future nor used to subversively gain control of the press of the country."

New RFC Board

Secretary of Commerce Jesse Jones announced on July 22 that in order to carry out the recent Act of Congress bringing Defense Plant Corporation, Defense Supplies Corporation, Metals Reserve Co. and Rubber Reserve Co., subsidiaries of the Reconstruction Finance Corporation, under the renegotiation of contracts law, there has been established by those subsidiaries a Joint Price Adjustment Board, the members of which are C. B. Henderson, S. H. Husbands, H. J. Klossner, H. A. Mulligan and C. T. Fisher, Jr., all Directors of the RFC. Mr. Fisher has been named Chairman of the new Board. R. C. Patterson, formerly of the Bureau of the Budget, has been appointed Chief Administrative Officer to the Joint Price Adjustment Board.

Newton Denies Plan To Nationalize Coal Mines; Says Strength Of Nation Lies In Free Enterprise

Asserting that the strength and common good of this nation lies in the preservation of the American concept of free men and free competitive enterprise, Carl E. Newton, Deputy Coal Mines Administrator, declared on July 20 that he and Secretary of the Interior Ickes are resolutely determined to resist any trend toward nationalization of the coal mines.

In a speech before the American Mining Congress at Cincinnati, Mr. Newton said, however, that "if unsettled conditions which precipitated this crisis should long endure, or if the Government should turn the mines back and have to take them over again repeatedly, then I don't see how you can reasonably expect to avoid a progressive tightening of Government supervision and control of mine operations. Government control would inevitably grow where conditions exist which bring public pressure for Government action." In part he added·

"I see no evidence yet and I hope I shall never see any evidence that the industry as a whole cannot fulfill its national responsibility for the production of coal without substantial use of public funds.

"Secretary Ickes and I do not propose to be panicked into opening the flood gates of public moneys by the threat of mine shutdowns or by claims of government liability for operating expenses or maturing debt. We intend to continue to resist with determination the diverse pressures that would make the Coal Mine Administration play Santa Claus to the coal industry. Such pressures always look reasonable on their face. But all of us must be alert to look behind appearances and firmly resist such pressures because of where they will lead us.

"Yet ridiculous rumors are abroad to the effect that Secretary Ickes and I are conspiring with various persons, named and unnamed, to nationalize the coal mines. Our actions are the best denial of these rumors.

"No American could believe more profoundly than I in the American system of free competitive enterprise. I have served in Government office before and I have also been in business. I know well the formalism, the channels, the protocol, which must necessarily attend the effective discharge of governmental functions. But governmental functions are essentially regulatory, and hence are basically different in nature from business functions. The deliberative and regulatory machinery of Government produces delays and does not produce effective commercial results when applied to business objectives,—under any auspices. In business, Government procedures do not promote initiative, incentives, or progress.

"The strength and common good of this Nation—or whole future—lies in the preservation of the American concept of free men and free competitive enterprise. This concept is the thing which won our independence, the thing that has made us great as a nation, that has made of our American democracy the torch of aspiration for the bruted peoples of the world. It is the thing that has enabled us to win all of our wars in the past and which is enabling us to win this one."

Taft Proposes Controlled Wage, Price Increases To Keep Both From Getting Out Of Relationship

A suggestion that the present economic stabilization program be scrapped in favor of controlled wage and price increases came from Senator Taft, Republican, of Ohio, on July 24 and was seconded in part by Senators Hatch, Democrat, of New Mexico, and Russell, Democrat, of Georgia, who, according to Associated Press accounts from Washington, agreed with Senator Taft's contention that Price Administrator Prentiss Brown faces an impossible task in holding the line against inflation under present conditions. As given in the New York "Sun" of July 24, the Associated Press advices further stated:

"Coming in the wake of a War Labor Board warning to labor against seeking inflationary wage increases, and a Presidential disclosure that the administration plans to reorganize the entire stabilization program, Mr. Taft's proposal assumed added import as a possible straw in the wind.

"He told an interviewer that he believed labor leaders were asking something impossible in demanding that prices be cut back to the levels of Sept. 15, 1942, and suggested instead that an agreement be reached under which wages and living costs would be allowed to rise not more than 6% a year, or ½% a month.

"I have never thought that we could maintain rigid controls without any adjustment," the Ohio Senator said. "It seems to me that the sensible thing to do is to recognize that in wartime there is bound to be some inflation and to seek to keep prices and wages from getting out of relationship with each other, rather than to attempt to roll them back to a certain level."

"President Roosevelt disclosed the administration efforts at his press-radio conference, said that no agreement has yet been reached, and that when it is, Congress will have to pass upon it because it will cost money.

"The Labor Board said flatly that it intended to stick to the 'Little Steel' formula even though other divisions of the anti-inflation army may weaken.

"Concerning Mr. Taft's proposed program, Mr. Russell and Mr. Hatch voiced partial approval, the former saying: 'I don't see how we are going to avoid an upward adjustment of prices and wages.'

"Mr. Hatch commented that there might be merit in the idea of permitting controlled increases, but said the difficulty lies in attempting to administer such controls. He said he felt the only solution lay in the payment of subsidies, and while Mr. Russell said he hated to see that method employed, he conceded that it might be the only practical answer to the problem.

"From Chairman Smith (D.-S. C.) of the Senate Agriculture Committee came the assertion that if labor leaders attempted to break through the 'Little Steel' formula with wage increases, farmers were certain to demand higher prices for their product.

"'I think that's a bad move for the labor people to be making at this time,' he said."

New Naval Air Post

President Roosevelt on July 16 created a new office in the Navy Department of Deputy Chief of Naval Operations for Air. Rear Admiral John S. McCain, Chief of the Naval Bureau of Aeronautics, was named to the post with the rank of Vice Admiral. His duties will be to facilitate the handling of expanding Naval aviation, particularly with respect to policy, plans, personnel and logistics.

Heimann Lists Major Problems To Be Faced By United States In Post-War Period

Naming twelve problems which must be solved if the United States is to measure up to its opportunities after World War II, Henry H. Heimann, Executive Manager-on-leave of the National Association of Credit Men, declares in his current "Monthly Business Review," that a victorious peace—one that means a better and more peaceful way of life—includes as a major factor the solution of our own peace-time problems. One of the most important problems, Mr. Heimann says, is that of plant capacity which has been so largely extended during the war period. He points out that one-fifth of the total plant capacity of the nation is now owned or controlled by the government. This one-fifth represents an outlay on the part of the government equal to the valuation of the entire railway system in the United States.

"The question here is, what is to become of these plants, who is to use, own, and/or operate them, and to what use will they be put?" Mr. Heimann asks. He points out that only about half of this government owned facility can be converted immediately for use in peace-time industry. The other half will eventually have to be absorbed or dismantled. Another problem he stresses is what will happen to the large stock pile of goods in process and the equipment such as machine tools, etc.

He further warns that while we face an unemployment problem starting with Victory Day, we also face a problem of runaway inflation if there should be a sudden break in the huge dam that is holding back the demand for American goods. He says:

"The devastation in Europe, the destruction of plants, the wardrobes and cupboards throughout most of the world, all will need to be replenished immediately. The large dollar balances in South America will be utilized. We in this nation will have the productive capacity and the goods. How can we supply the goods, avoid an inflationary spiral, and also effect our distribution on a sound basis? On our domestic front our consumer debt will be near the vanishing point, and our people will be possessed of tremendous buying power, due to the ownership of bonds. Our own inventory of luxury and necessity items will reach an all-time low. How can we avoid a wild scramble and its consequent inflationary effect on the program of replenishment?"

According to Mr. Heimann "for at least a few years after the war it is necessary for us to plan to live under a new tax economy, but when Victory Day comes, it is of great importance that every effort be made to reduce the cost of government—national, state and county — to a minimum. The bureaucracy developed during the war will have to be liquidated. This nation cannot stand, in peace-time, the costs of government it is now assuming because the carrying charges on our debt will of itself be a heavy load." He also states that "there is need for careful study of conservation programs to guard raw materials so sorely depleted by the war demands." He likewise says "there is need of sound credit management in all of its phases; for the post-war period will be dependent on sound credit more than on any other factor. This means sound credit programs internationally, nationally, in business and among individuals." He further says:

"We need to define a sound and constructive policy among nations to avoid some of the evils of the nationalistic policies of the past post-war period. The solution of this problem is as important as any of those preceding if we are to have a safe and healthy world in which to live. It is undoubtedly true that for a long time we, as a nation, must take a very active administrative part in some of the world's affairs."

American "Fascists" Decried By Wallace

Vice President Wallace alleged on July 24 that certain American Fascists had turned against the present administration because President Roosevelt stopped Washington from being a way station on the way to Wall Street. Mr. Wallace made this assertion at a press conference in Detroit, where he had gone to deliver an address.

The Vice President declined to identify those he referred to as Fascists, but added that "their names will come out if you do not already know them."

United Press Detroit advices, in reporting the foregoing, went to say:

"These American Fascists use 'old Americanism' as a refuge," he asserted, "but their old-fashioned Americanism is not that of our founding fathers but of the period when the big corporations were in power—when the big corporations had converted Washington to a way station to Wall Street.

"The reason they hate Roosevelt now is that he stopped Washington from being a way station on the way to Wall Street.

"I am a great believer in old-fashioned Americanism. I am a believer in what corporations can do. But I am not a believer in what the American Fascists have in mind."

The Vice President denied a published assertion that he is the "last New Dealer in Washington." He said he did not consider himself a New Dealer at all, but "merely a person with ideals which put human rights first by using money merely as an instrument to improve the human lot."

He asserted that the question now is "whether the corporations are going to control government or whether human rights are to be served."

Assailing critics who say he is an impractical idealist, he said: "I suggest they examine what I have done."

"My hybrid corn idea has turned out to be practical," he added. "My ever-normal granary of 1932 was law by 1937 and has been an immense help in feeding this country and Europe during the war. As early as 1934, I and a friend in the State Department believed eastern rubber might be cut off. It was my idea, along with that of others, to trade 800,000 bales of cotton for 90,000 tons of rubber in 1939."

Mr. Wallace declined to comment on his recent dispute with Secretary of Commerce Jones, but said he was proud of the work of the Board of Economic Warfare, which he headed until recently.

In Petroleum Posts

The appointment of James E. Pew as Assistant Director of the Division of Natural Gas and Natural Gasoline in the Petroleum Administration for War was recently announced by Deputy Administrator Ralph K. Davies. Mr. Pew was chief of the Natural Gasoline Section of the Division. He is succeeded in that post by Charles E. Webber. The PAW also recently disclosed that Dustin W. Wilson, technical consultant of the Refining Division, has resigned to become associated with Arthur G. McKee and Co., engineers and contractors.

Manufacturing Activity Maintained High Level In June, Federal Reserve Board Reports

The Board of Governors of the Federal Reserve System announced on July 24 that manufacturing activity was maintained at a high level in June while mineral production declined reflecting mainly reduced output of coal. In the early part of July coal production was resumed in large volume. The value of retail trade continued large.

The Board's summary of general business and financial conditions further says:

Industrial Production

"The Board's seasonally adjusted index of total industrial production declined slightly in June from the high level of other recent months. Activity continued to increase at plants producing war products in the chemical, rubber, and transportation equipment industries. These increases were more than offset by a sharp drop in coal production and a temporary reduction in output of coke, pig iron, and steel.

"Finished aircraft production, in terms of airframe weight, was 3% higher in June than in May. Delivery of supplies for the Army ground forces rose 1% over May. Tonnage of cargo vessels delivered from merchant shipyards was not up to the record May level; it was, however, higher than in any other month.

"In industries manufacturing non-durable goods output as a whole showed little change from May to June. Activity at cotton mills declined—consumption of 917,000 bales of cotton was 50,000 less than in June 1942.

"Output at coal mines in June was 30% below May due to the work stoppages, but early in July both anthracite and bituminous coal production recovered to above the levels prevailing a year ago. Crude petroleum production was maintained in June and moved upward in July partly in anticipation of the completion of the pipeline from Texas to the East Coast. Lake shipments of iron ore in June were 6% below the same month last year due to unfavorable weather conditions.

"The volume of construction contracts awarded in June was about the same as in May. The value of awards in June was at the lowest level for this month since 1936, according to the F. W. Dodge Corp.

Distribution

"Value of consumer nondurable goods sold at retail was in near-record volume in June and the early part of July, while sales of durable goods, many of which are becoming increasingly scarce, were generally below previous peak levels.

"Car loadings of revenue freight declined in June, reflecting the drop in coal shipments. Loadings of grain showed the usual increase at this season and the movement of most other commodities was maintained in large volume.

Commodity Prices

"Wholesale prices of most commodities showed little change in the early part of July, following a decline during June of 1% in the general index. This decline reflected chiefly reductions ordered in maximum prices of butter and meat and seasonal decreases in prices of fresh fruits and vegetables.

Agriculture

"Aggregate crop production this year is expected to be 10% smaller than last year but 5% above the average of the preceding 5 years, according to the July 1 official report. Of the major crops, production prospects for grains are the lowest compared with last season, while there are indications of considerably larger harvests for dry beans and peas, flaxseed, and potatoes. Output of livestock products has continued in larger volume than a year ago.

Bank Credit

"During June and the first three weeks of July there was an increase of about $1,400,000,000 in Reserve Bank holdings of United States Government securities. Continued currency outflow, and increase in required reserves due to the growth of deposits, were reflected in the increased demand for Reserve Bank credit. The expansion in Reserve Bank credit was in the form of Treasury bills sold by member banks to the Federal Reserve Banks under options to repurchase. Holdings of bills showed wide fluctuations during the period as member banks adjusted their reserve positions through sales and repurchases. A large part of the Treasury bills came from New York City banks where excess reserves continued to be low. Total loans and investments of New York City banks have declined recently. Other reporting member banks have shown a continued growth in deposits and U. S. Government securities.

"The quarterly report of customer rates at commercial banks for the middle of June showed a further rise in rates charged on loans by large banks throughout the country."

From Washington

(Continued from first page)

clean for economy's sake," that was the idea.

But Charlie didn't steal the show. Charles Evans Hughes, who had always been looked upon as a person very severe and aloof, who had lost the 1916 Presidential election because of this, grabbed the broom away from Dawes and began sweeping the stage himself. The assembled correspondents sent the intelligence out over all the country that Charles Evans Hughes had become a good fellow. He came to be known as Good Fellow Charlie and this stood us in tremendous stead when Mr. Roosevelt made his attack upon the Supreme Court in 1937. The mob was rushing right up to the Supreme Court doors, figuratively speaking, led by Mr. Roosevelt and then it saw the gracious, smiling picture of Good Fellow Charlie and decided it was no way to do him. So little things like that have a tremendous bearing on our history.

But the funniest spectacle of all in those days, looking back, was Sol Bloom, who is now the chairman of the House Foreign Relations Committee. This means, and it means only, that Sol is forever being invited to dinner with the foreign diplomats and the visiting foreign hot shots. But in those days, our business men had a great regard for Mussolini. He had "put labor in its place." He "made the railroad trains run on time." They kept a steady trek to Rome to get Mussolini's autograph. Sol's daughter had met him and come back to this country and written some favorable magazine articles about him. So Sol had entree. These business men would come to Washington by the hundreds to get a letter from Sol to meet Mussolini. Sol who had started his career as a hootchy-koothcy entrepreneur at the first Chicago World's Fair, was in his glory.

A thing that impressed our Cook's tourist visitors to Mussolini was how to become a Big Shot. Having a date with him, you walked first down a long corridor, you walked interminably. Then you went into his office and he was sitting at a desk way down at the other end of a long room. The sun coming through those ancient and historic window panes blinded you, kept you from seeing the little jutting jaw runt as you strode across the room. You naturally became unnerved. By the time you were seated at the desk across from him you were a withering wreck. He seemed to be the most towering and important fellow you ever saw.

Well, it is amazing, but our visitors would come back to this country and tell of their experience and in no time at all, it seemed, we were developing similar Big Shots in this country. Our State Governors, our Politicians, our Industrialists, began establishing this same set-up. You had to walk down long corridors and then across a long room, with the object of your attention enveloped in a smoke screen of cigar smoke, to sit down across the table and talk with him.

We moved rapidly into Big Shotism. Forceful men is what we have wanted ever since. And we have had a slew of them.

Well, you can imagine how our present crop of Forceful Men feel now. If there was ever a Forceful Man it was Mussolini. Now he is out a job and a very comical looking fellow, indeed. There is bound to arise the question of what sort of permanency is there in being a Forceful Man. The bigger you rise the harder you fall.

Over all Washington, Big Shots and their subordinate Big Shots, big Forceful Men and their stooge Forceful Little Men, are asking one another if there is not a lesson to be learned from Mussolini's experience. The great selling point of these men is "social security." Now, lo and behold, they realize there is no social security for them. The Big Shot business is ephemeral. This truism has been brought home with a deadly thud to the makers-over-of-the-world here in Washington.

I may be seriously mistaken but I thought I heard Harold Ickes expressing uneasiness; I think I have heard Donald Nelson saying he wishes he had gone along as he originally started and had not gone through the transformation several months ago from a mild mannered to a Strong Man. For that matter, it caused him a sprained wrist at the time.

The fall of the Italian Big Shot, to my mind, is bound to have an effect in still higher places. It would be a tremendous thing for those gentlemen to get a touch of humility.

Puerto Rico Home Rule Group Begins Study

Members of President Roosevelt's special committee appointed to study changes in the organic law of Puerto Rico held their first meeting in Washington on July 19 and agreed to work only on the President's recommendation—that of allowing the Island's residents to elect their own Governor. Various other proposals on the Island's political status, including independence, are to be discussed by the group but it is said that the main efforts would be toward advising changes in the organic law so as to permit the Puerto Ricans to elect their own Governor. The President now appoints the Governor.

Secretary of the Interior Ickes, Chairman of the committee, told the opening session that Puerto Rico had earned the right to elect its own Governor. He added that he had "no illusion that a change in the political situation, important as that is, will solve the pressing economic problems of the island."

Appointment of this committee was referred to in these columns of March 25, page 1119.

Third War Loan Drive Set At $15 Billion— Issues Limited To Non-Banking Investors

Secretary of the Treasury Morgenthau, announced on July 21 that the goal set for the Third War Loan Drive, starting Sept. 9, will be $15,000,000,000. Mr. Morgenthau said that the entire $15,000,000,000 will be sold to individual investors, corporations, insurance companies and other non-banking sources.

"This goal and the Third War Loan program," the Secretary said, "was determined by Treasury officials after receiving recommendations from chairmen of the State War Finance Committees, and officials of the Federal Reserve System and the American Bankers Association. Getting this amount of money will be a huge task, and will represent the largest financing program in the history of the world." Mr. Morgenthau added:

"The job of raising this $15,000,000,000 will be handled by War Finance Committees of each State, and the bonds will be sold largely by hundreds of thousands of patriotic volunteer salesmen, who already have made plans to concentrate on house-to-house selling, since a major consideration is increasing the number of people who are buying War Bonds."

The securities to be offered in the Third War Loan, it was pointed out, will be essentially the same types as those sold in the Second War Loan in April, in which a record-breaking total of $18,500,000,000 raised, with banks contributing over $5,000,000,000. The goal for the Second War Loan Drive was $13,000,000,000.

The securities to be sold under the direction of the War Finance Committees will consist of:

1. Series E Savings Bonds.
2. Series F and G Savings Bonds.
3. Series C Savings Notes.
4. 2½% Bonds of 1964-69.
5. 2% Bonds of 1951-53.
6. ⅞% Certificates of Indebtedness.

The Treasury advices July 21 further said:

"The 2½% Bond will be dated Sept. 15, 1943, due Dec. 15, 1969, callable Dec. 15, 1964, and will be issued in coupon or registered form at the option of the buyers in denominations from $500 to $1,000,000. Commercial banks, which are defined for this purpose as banks accepting demand deposits, will not be permitted to own these Bonds until Sept. 15, 1953.

"The 2% Bond will be dated Sept. 15, 1943, due Sept. 15, 1953, callable Sept. 15, 1951, and will be issued in coupon or registered form at the option of the buyers in denominations from $500 to $1,000,000.

"The ⅞% Certificates of Indebtedness will be dated Sept. 15, 1943, due Sept. 1, 1944, and will be issued in denominations of $1,000 to $1,000,000, and in coupon form only.

"None of these securities will be available for subscription by commercial banks for their own account during the period of the drive. However, shortly after the drive terminates, a 2% Bond and a ⅞% Certificate of Indebtedness will be offered for subscription by commercial banks for their own account. In order to confine all sales in the drive to non-banking sources, the Treasury will request commercial banks not to buy in the market, and will request the market not to trade in, either of these securities offered in the drive until the books for bank subscriptions are closed.

"To avoid unnecessary transfers of funds from one locality to another, the Treasury would prefer to have all subscriptions by corporations and firms entered and paid for through the banking institutions where the funds are located."

Jones To Place 1944 Food Program Before Congress For Its Approval

War Food Administrator Marvin Jones will seek to bring about greater co-operation between the Administration and Congress on the war food program by laying plans for his 1944 production program before the lawmakers before putting it into effect, it was reported on July 18 by the Associated Press which further stated:

"The new food chief remembers the experience of Secretary of Agriculture Wickard last winter in announcing a plan of broad incentive payments to farmers this year for growing so-called war crops without first ascertaining whether Congress approved the program.

"The lawmakers balked at the incentive program and refused to vote the necessary funds. The farm block contended the payments would be in effect consumer subsidies rather than producer benefits. The fight between the Administration and Congress over subsidies grew largely out of the controversy over the incentive program.

"Mr. Jones, who himself is a former member of Congress, is anxious, associates said, to fomulate a production program for next year which would have the general approval of Congress. He and aides are now drafting detailed plans for the program which they intend to lay before the Agriculture Committe of the House and Senate this fall with the hope tha a general agreement might be reached and a new Congressional battle avoided.

"The program will, of course, have to follow general lines of price policies as laid down by President Roosevelt. Those policies, in short, bar further increases in consumer prices of virtually all foods.

"It may be necessary, however, for the WFA to assure farmers greater returns from some commodities in order to get them to plant needed acreage of those crops. The additional returns could be made available either in the form of benefit payments—possibly a revival of the incentive payment plan—or in the form of Government purchase at prices in excess of ceilings and resale for distribution at ceiling levels.

"The present Congress expressed determined oposition to both these schemes, but it did allow the Government to engage in purchase and resale operations, involving losses, on a number of crops for the remainder of the 1943 crop year.

"Associates believe, however, that inasmuch as Congress was unable to make its opposition to subsidies stick, Mr. Jones will be able to persuade Congress to go along with a program of producer subsidies providing, of course, he first lays them before the lawmakers and allows them to go over the program with him.

"The situation may be such, it was said, that the farm bloc would have to chose either between subsidies and inadequate returns to farmers for some crops."

McCarran Favors Study Of Post-War Monetary Plans By Senate Committee

A study of proposals designed to stabilize currencies and their exchange value by a special nine-man Senate committee has been suggested by Senator McCarran (Dem., Nev.).

Under the terms of the resolution, the sugested committee would be "authorized and directed to make a comprehensive survey of proposals designed to stabilize currencies and their excange value, including proposals for substituting any type of credits for gold in settlement of international balances, for establishment of a system of bi-metallism and any other proposal involving international agreement with a view to facilitating international exchange and promoting international trade."

For its investigations and studies the committee would have a fund of $25,000.

In introducing the resolution on July 7, Senator McCarran said that, "looking to the post-war period, I do not believe anything is more important in connection with the continuation of our form of government or more important to the people of the country than the question of how sound and how stable will be our currency and our Treasury at the conclusion of the war and thereafter. Sometime between now and the conclusion of the war—and indeed, after its conclusion—the nations of the world will be looking to this country to take leadership in stabilizing the currencies of the countries of the world."

Easing Of Rule On Returned Unpaid Checks Announced By N. Y. Federal Reserve Bank

The easing of rules in New York affecting the return of unpaid checks and other instruments was made known by the Federal Reserve Bank of New York on July 20, in instructions to member and non-member banks which have entered into so-called "Manhattan, Bronx and Brooklyn collection arrangement" with the Bank. In the New York "Herald Tribune" of July 21 it was pointed out that the explanation was made that this new method will also help the Clearing House member banks and will make for uniformity of procedure throughout the city. The paper from which we quote further stated:

"By extending the time limit for the return of certain types of items, financial institutions which are hard pressed by the manpower shortage will have an opportunity to spread the work of posting and bookkeeping over a longer time.

"Heretofore, banks in the northern part of the Bronx, for example, frequently were hard pressed to have their messengers deliver checks to the Federal Reserve Bank and return in time before closing hours. The new move will affect more than 50 financial institutions in the metropolitan area.

"The New York district has been one of the last in the country to act in the liberalization of these technical rules. Other districts permit longer periods for the return and delivery of checks, but the large volume of items passing through the New York clearing centers makes it necessary to have the promptest possible handling of monetary transactions, experts here maintain. Moreover, it was said, too great an easing of regulations would be a tip-off to potential chislers that they may have longer time to provide cover for outstanding checks.

"The new arrangement provides that unpaid items must be returned to the Federal Reserve Bank not later than 2 p.m. on the day of presentment, except that dishonored checks and other demand drafts for less than $500 may be sent back not later than 11 p.m. on full business days or 8 p.m. on Saturday. A similar rule has been instituted for larger instruments returned for indorsement or to correct other irregularities."

The July 20 instructions to the local banks, as issued by the Reserve Bank follow:

"Sorting, Packaging and Listing Unpaid Items, and Protesting Dishonored Items

"(1) All unpaid items returned to us pursuant to the terms of the so-called Manhattan, Bronx, and Brooklyn collection arrangements between us and the banks to which these instructions are addressed, shall be enclosed in sealed envelopes bearing the names of the respective banks from which we received the items therein contained, except that all such items which we received from banks other than (a) New York Clearing House banks and (b) banks to which these instructions are addressed shall be returned to us in sealed envelopes bearing our name. Envelopes containing unpaid items so returned will hereinafter be referred to as return item envelopes. The total amount of the items* therein contained shall be indicated on the face of each return item envelope.

"(2) When a return item envelope is delivered to us at or: before 3 p.m., or at or before 2 p.m. on Saturday, the total amount of the items therein contained shall be listed on the regular "Return Items Packages" from which should accompany return item envelopes so delivered.

"(3) When a return item envelope is delivered to us after 3 p.m., or after 2 p.m. on Saturday, the total amount of the items therein contained shall be listed as follows:

"(a) If such return item envelope contains items which we received from a New York Clearing House bank, or from a bank to which these instructions are addressed, the total amount of the items therein contained, or (if delivered to us with cash items which are being deposited with us drawn on the bank from which we received the items contained in such return item envelope) the sum of the total amount of the items contained in such return item envelope plus the total amount of such cash items being deposited, shall be listed opposite the name of such bank on the accompanying form.

"(b) If such return item envelope contains items other than or in addition to those referred to in (3) (a) above, the total amount of all items therein contained, or (if delivered to us with cash items which are being deposited with us, drawn on us or on the Treasurer of the United States) the sum of the total amount of all items contained in such return item envelope plus the total amount of such cash items being deposited, shall be listed opposite our name on the accompanying form.

"(4) Each dishonored check or demand draft of $50.01 or over returned to us after 3 p.m. on the day of presentment (or after 2 p.m. on the day of presentment when presented on Saturday), as permitted under our agreements with the banks to which these instructions are addressed, must be duly protested before it is so returned, if it bears an out-of-town endorsement or appears to have been drawn outside this state; except that an item shall not be protested if it bears on its face the ABA no-protest symbol of a bank endorser or if it appears from the item that all parties have waived protest.

"(5) As provided in our agreements with the banks to which these instructions are addressed, such banks may return to us not later than 11 p.m. on the day of presentment, or not later than 8 p.m. on the day of presentment when presented on Saturday, (a) dishonored checks and other demand drafts for less than $500 and (b) checks and other demand drafts for not in excess of $5,000 returned for endorsement or to correct other formal irregularity. Items referred to in (b) of $100 and over which we received from a New York Clearing House bank and which are returned to us after 3 p.m., or after 2 p.m. on Saturday, should be certified so as to be eligible (under Rule 10 of the Clearing House "Rules and Rulings on Items for the Exchanges" adopted July 15, 1943) for return by us to such banks by delivery to the Clearing House not later than 2 a.m. on the next business day following the day of presentment.

"(6) It is requested that information regarding the return of any item of $500 or over be telephoned before 3 p.m., or before 2 p.m. on Saturday, direct to the banks from which we received such item, if such bank is located in New York City.

FEDERAL RESERVE BANK
OF NEW YORK."

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*For the purposes of these instructions the amount of the items contained in a return item envelope shall be deemed to include the amount of the statutory protest fees charged for the protesting of any such items in accordance with our instructions.

Post-War World Trade Plan Offered In London

A plan for post-war international trade, the backers of which say is designed to insure the full consumption of the world's principal export goods and raise the living standards of all countries, was offered to the public on July 19 at a luncheon in London attended by Britain's labor and industrial leaders.

Sir Edgar R. Jones, Welsh-born lawyer and business man has fathered the plan, which he calls a World Trade Alliance.

In Associated Press London advices from which we quote it was further stated:

"The World Trade Alliance as explained by Viscount Davidson, speaking for industry; John Brown, general secretary of the Iron and Steel Trades Confederation, speaking for trade unionists, and by Sir Edgar, has these three primary aims:

1. Full consumption of the output of the world's principal export industries.
2. Price stability for the major products of international commerce.
3. An increased demand for the products of all nations.
4. A high level of employment and better living standards for all nations.

The World Trade Alliance Association proposes that the governments of the United Nations bring together the leaders in the major products of world trade to draw up a series of international agreements.

Mr. Jones said that each country would be required to balance as near as possible its export-import trade. To encourage this he proposed the establishment of a central clearing bureau to supervise the operations of international product committees.

Mussolini 'Resigns' As Italian Premier; King Names Badoglio Head Of Military Govt.

The resignation of Benito Mussolini as Premier of Italy was accepted on July 25 by King Victor Emmanuel who ordered Marshal Pietro Badoglio, former Chief of Staff, to head a military government with "full powers."

These announcements were made by the Rome radio which broadcast a proclamation by the King assuming control of all Italian armed forces and calling on them to "stand against those who have wounded the sacred soil of Italy."

In assuming the military government of the country, Marshal Badoglio called on all Italians to rally around the King. "The war continues," he added. "Italy, grievously stricken in her invaded provinces and in her ruined towns maintains her faith in her given word, jealous of her ancient traditions."

Premier Badoglio formed a new cabinet on July 26 and also imposed martial law to preserve public order.

The texts of the Rome radio's official announcements of July 25 follow, according to United Press London advices:

The Official Announcement

His Majesty the King has accepted the resignation from the posts of Chief of Government, Premier and Secretary of State, handed to him by His Excellency Chevalier Benito Mussolini and has appointed as Chief of Government, Premier and Secretary of State Chevalier Marshal of Italy Pietro Badoglio.

The King's Proclamation

Italians, from today I have assumed command of all armed forces.

In the solemn hour which has occurred in the destinies of our country each must take up again his post of duty and of fighting. No deviation must be tolerated, no recriminations must be allowed.

We must stand against those who have wounded the sacred soil of Italy.

Italy, by the valor of its armed forces and the determination of all its citizens, will find again a way of recovery.

Italians! I feel myself more than ever indissolubly united with you in the unshakable belief in the immortality of the fatherland.

Signed: VITTORIO EMANUELE,
Countersigned: BADOGLIO,
July 25, 1943.

Marshal Badoglio's Statement

On orders of His Majesty the King, I am taking over the military government of the country with full powers. The war continues. Italy, hard hit in her invaded provinces and in her destroyed cities, loyally keeps her given word as jealous custodian of her military traditions.

All must group themselves around His Majesty the King-Emperor, the living image of the fatherland and an example for all.

The watchword given out is clear. The assignment we received is clear and precise and will be scrupulously carried out.

Whoever thinks we can evade its normal development or should attempt to disturb the public order will be ruthlessly punished.

Long live Italy! Long live the King!

Signed: MARSHAL OF ITALY
PIETRO BADOGLIO.
Rome, July 25, 1943.

The following was contained in Associated Press London advices of July 25:

The broken Mussolini went into the shadows after 21 years of dictatorship in which he had tried to recreate the ancient glories of Rome on a basis of Fascism and military alliances with Germany and Japan.

Military circles took it for granted that the "resignation" was forced.

This dramatic turn in Italy's fortunes was a shattering blow to Germany and Japan, Mussolini's Axis partners. No immediate comment was forthcoming from Berlin or Tokio.

Badoglio, the 71-year-old new Premier, had been dismissed as Chief of Staff by Mussolini Dec. 6, 1940.

The "resignation" of . . . Mussolini ended a career that began with the Fascist march on Rome in 1922. The international and domestic standing of Mussolini, however, has steadily deteriorated since he led his country into war in the summer of 1940.

Mussolini was conferring with Adolf Hitler last Monday when the huge American air attack was delivered on rail and airport installations at Rome.

He apparently appealed to Hitler for aid in resisting the Allied onslaughts which clearly are aimed at knocking Italy out of the war as quickly as possible.

If that was his plea he undoubtedly failed in his mission. The King's proclamation, which in effect dismissed the originator of Fascism, followed.

Badoglio, long out of favor with the Fascists, had been reported a likely successor to Mussolini once the country decided to sue for peace.

The resignation of Mussolini, whose empire vanished under converging Allied troops, also apparently ended the Fascist party as it had been constituted.

The King's proclamation specically said that the resignation of Mussolini as premier "and secretary of the Fascist party" had been accepted.

President Urges People Obey Safety Rules To Prevent Accidents

Calling upon the nation to diligently observe "the ground rules for safety," President Roosevelt pointed out on July 19 that more Americans have been killed or injured through accidents than have been lost in war operations since Pearl Harbor.

The President's message was read on a radio broadcast by Col. Pelham D. Glassford, Chairman of the War Department Safety Council, in an accident prevention program sponsored by the Washington Junior Board of Commerce.

Mr. Roosevelt's letter said:

"Each and every one of us can unite our efforts in stamping out accidents by diligently observing the ground rules for safety. Management and employes in our war plants can collaborate in safety programs; traffic officials can work out better means and measures for reducing accident hazards. To this end I call upon industry, management, public officials and every individual citizen to give more attention to safety so that, so far as humanly possible, we may keep alive and fit for active participation in the great struggle for the safety and security of our nation."

Paul V. McNutt, Chairman of the War Manpower Commission, who also participated, asserted that more than 400,000,000 man-days were lost in accidents last year. "In other words," Mr. McNutt said, "we frittered away the armament and supplies sufficient for a force comparable with the one which has just struck Sicily with such tremendous force."

Unconditional Surrender Terms Still Apply To Italy, Secretary Hull Declares

Making the first official American comment on the ousting of Premier Mussolini of Italy, Secretary of State Hull indicated on July 26 that the entire situation involving Italy was a military matter and that unconditional surrender terms were still this nation's policy.

President Roosevelt made no comment on the displacement of the Italian dictator.

Regarding Secretary Hull's comments, made at his press conference the Associated Press reported the following in its Washington advices:

"Secretary Hull indicated no change in the unconditional surrender policy laid down by President Roosevelt and Prime Minister Churchill and said that if all minds are kept on fighting like the devil, the Allies will win the war much sooner.

"He emphasized that all attention is on military developments. Secretary Hull said in response to another question that he believed Japan would take due notice of what has occurred in Italy.

"At the outset of the press conference, Secretary Hull was asked it he anticipated any change in the unconditional surrender terms fixed by the United States and Great Britain for capitulation by the Axis. He said that he had no information to that effect from the President and War Department and did not anticipate anything.

"Asked to comment generally on the Mussolini shift, he said that he has not been convinced that Fascism carries with it the seeds of its own destruction. He added that the very timely and appropriate ending of Mussolini's regime was the first major step in the complete destruction and eradication of every vestige of Fascism, both nationally and internationally.

"Asked if the United States would negotiate with King Victor Emmanuel, or if he regarded the King in the same class as the Fascists, he said that he had not conferred with the President. He said that there was no truth in reports that the United States had made contact with the new Italian Premier, Marshal Pietro Badoglio, a few months back.

"Asked if the no-surrender terms applied to Hungary, Bulgaria and Rumania, Secretary Hull first referred his questioner to President Roosevelt and the War Department, then remarked that he imagined the same terms applying to the Axis would apply to all other countries which had declared war against the Allies. He would not undertake, however, to discuss what he termed marginal cases, such as Finland."

President Roosevelt on July 27 endorsed Secretary Hull's view as to the Allies position towards Italy since the ousting of Benito Mussolini. He also in effect backed Prime Minister Winston Churchill's speech in the House of Commons on July 27 that the demand for unconditional surrender is the unchanged basis for peace.

Lewis Recognizes Authority Of WLB

John L. Lewis, President of the United Mine Workers of America, who has consistently refused to recognize the War Labor Board, on July 23 offered to go before the Board and support the contract between the Illinois Coal Association and District No. 12 of the UMW.

In a letter to William H. Davis, WLB Chairman, Mr. Lewis said the UMW believes the agreement with the Illinois operators "is in the public interest" and added that he is "ready to appear before you in its support in such hearings as you may elect."

In Associated Press Washington advices, the following was reported:

"Mr. Lewis had refused to go before the Board during its recent hearings in the coal wage controversy. Union spokesmen pointed out, however, that since then Congress has enacted legislation giving the Board statutory authority and the power to subpoena witnesses.

"Mr. Lewis' action came after spokesment for ouerators in other producing areas had indicated their lack of enthusiasm for the 'model' agreement between the UMW and the Illinois Coal Operators Association, and demanded that the WLB enforce its ruling that the mine union sign a contract without portal-to-portal pay.

"The Illinois agreement provides for portal-to-portal pay of $1.25 daily, an eight hour day, and a 48-hour week, with time and one-half for all hours in excess of 35 each week. It was approved by the UMW policy committee as a model for all other coal producing areas, but cannot go into effect unless approved by the WLB."

Earnings, Hours & Pay At New Peaks In May

Earnings, man hours and payrolls in 25 manufacturing industries in May reached new peaks, according to the regular monthly survey of the National Industrial Conference Board. Employment again declined slightly in May, but was still higher than in any month prior to February of this year according to the Board which states that the average number of hours worked in one week was the greatest since April, 1930.

Under date of July 27, the Board further reported:

"Hourly earnings of all wage earners in the 25 manufacturing industries increased for the 34th consecutive month. For the first time, they averaged more than a dollar an hour, and at $1.01 were 1.2% more than in April, 11.5% higher than in May, 1942, and 33.1% more than in January, 1941. They were 71.2% higher than in 1929.

"The combined effect of higher hourly earnings and longer working hours pushed weekly earnings to a new high of $45.90 for May, or 2.0% more than in April, 17.7% higher than in May, 1942, and 50% more than in January, 1941. They were 60.8% higher than in 1929. As living costs rose only 0.3% from April to may, "real" weekly earnings, or dollar weekly income in terms of the commodities and services it will purchase, increased 1.7% during the month. Real weekly earnings have risen 10.1% since May, 1942, 24.1% since January, 1941, and 54.8% since 1929.

"The average wage earner in the 25 manufacturing industries worked 45.2 hours in May, the longest work week recorded since April, 1930. It was 0.7% longer than in the previous month, and 5.9% longer than in May, 1942, but was 6.4% shorter than in 1929.

"Man hours increase 0.5% in May and were 17.9% higher than in May, 1942, and 36.7% greater than in 1929.

"Payrolls at 254.4 (1923=100) showed increases of 1.8% since April, 31.0% since May, 1942, and 134.7% since 1929."

Republicans Urging Post-War Internat'l Cooperation For Peace

The newly formed Republican Post-War Policy Association, advocating a policy of international cooperation after the war and seeking to place the Republican party on record as favoring a post-war international organization to preserve peace, established an Eastern Division on July 19 at a meeting at the Hotel Commodore in New York City.

At this meeting, attended by delegates from New York, Pennsylvania, New Jersey, Maryland, West Virginia, Delaware and the six New England States, a resolution was adopted in the organization's platform authorizing the appointment of a committee to confer with Harrison E. Spangler, Republican National Chairman, upon a possible international cooperation plank for the Republican Party in the next Presidential campaign. The resolution also asked Mr. Spangler to call his Republican Post-War Advisory Council of 49 to make an early pronouncement as to what course the council would advise. The New York "Sun" of July 20 in its account of the July 19 meeting at the Commodore, said:

"After indorsing the statement of the Republican National Committee, made on April 20, 1942, that the responsibility of the nation in the war is 'not circumscribed within the territorial limits of the United States,' and that the United States has 'an obligation to assist in the bringing about understanding, comity and cooperation among the nations of the world,' the meeting adopted the following resolutions:

"1. A complete military victory of the Allies and the unconditional surrender of the aggressor nations is the first essential to world peace.

"2. The United Nations must remain united if we are to secure international collaboration to prevent the recurrence of future wars.

"3. For the preservation of peace on the home front we must convert our war industries to peacetime production and establish a sound economic position with equal opportunity for all after the war is won.

"4. We must plan now for the establishment of an organization of nations to assume full responsibility in maintaining world peace.

"5. That we urge Republican members of Congress immediately after the reconvening of Congress to sponsor and support congressional action pledging cooperation by the United States in world affairs.

"That this body authorizes and directs its chairman, Deneen A. Watson, to appoint a committee to wait upon Mr. Spangler, Chairman of the National Republican Committee, and communicate to him the foregoing resolutions and to urge Chairman Spangler to cause the council of forty-nine delegates to make an early pronouncement of its intended action pursuant to these resolutions."

Figure This One Out For Yourself

Write down your age.
Multiply by 2.
Add 5.
Multiply by 50.
Add the loose change in your pocket (any amount under a dollar.)
Subtract 365.
Add 115 to total.

Result will be the first two figures are your age; the last two the amount of change in your pocket.

Labor Leaders Call Upon FDR For Price Rollback Or Support Of Stabilization Program Will Stop

Organized labor served notice on President Roosevelt on July 22 that it will not continue its support of the wage and price stabilization program unless steps are taken to roll back retail food prices to the Sept. 15, 1942, level.

William Green, President of the American Federation of Labor and Philip Murray, head of the Congress of Industrial Organizations, joined in the statement after a meeting between President Roosevelt and the combined Labor War Board.

Following the meeting, Mr. Green stated that the removal of Price Administrator Prentiss M. Brown will be asked unless he does a better job of rolling back prices in accordance with the Administration's proposed program which Congress permits.

The threat to seek Mr. Brown's removal was not made to the President, it was stated, but the labor leaders did emphasize to Mr. Roosevelt that unless prices are reduced they will demand that the War Labor Board revive "Little Steel" formula, under which wage increases of 15% are permitted to compensate for rises in the cost of living since Jan. 1, 1941.

The Board's statement to the President follows:

"In your message to Congress on July 2, stating your reasons for disapproving the Commodity Credit Corporation bill, you set forth with convincing emphasis the necessity of reducing the cost of living by rolling back food prices through the use of subsidies. The rollback of food prices was necessary, you said, to carry out the mandate of Congress in the act of Oct. 2, 1942, to stabilize wages and prices 'so far as practicable * * * on the basis of the levels which existed on Sept. 15, 1942.'

"On July 8 Congress recessed after acceding to your proposal by leaving no legislative restrictions for the carrying out of the proposed rollback of food prices.

"On July 15 Price Administrator Prentiss Brown publicly stated that he has no present plan to subsidize a rollback of food prices beyond that which you had authorized in May of this year. This limited program falls far short of the objectives so clearly stated in your message of July 2, and the greater part of this limited program was already in effect and operating on that date.

"We are unable to find any steps being taken at the present time to carry out your objectives. If your administrators have decided not to carry out in full the program which you proposed and which Congress permits, it will, of course, be impossible for organized labor to continue in its support of the wage and price stabilization program as now formulated.

"You have stated with dramatic clarity in your veto message to Congress the desperate consequences to the American people of failure to hold the line on both prices and wages. We share these expectations. We know that whatever may be the supposed benefits of inflation to those who are seeking to destroy the stabilization program the people of the United States will be the victim.

"If failure to carry out the stabilization of prices in line with wage stabilization brings the consequences which you stated must inevitably follow, organized labor cannot be held to account for that result which it did not seek and which it has exerted all of its efforts to avoid.

"At this hour, only through prompt execution of the rollback of food prices which you proposed can you restore confidence in the plain people of America that inflation can be and will be defeated. Contrary to the charge of your opponents that only trivial savings will result from the program you propose, these savings according to our calculations can be substantial."

HOLC Starts Drive In N. Y. For Home Sales

Th Home Owners' Loan Corporation has intensified its sales program in the New York region, embracing seven States, and seeks to sell to the public a substantial portion of the 23,000 private homes in its possession. The immediate goal of the drive, according to an announcement by Charles F. Cotter, General Manager of HOLC, shall be the disposal of 10,000 properties to private owners within a period of three months.

In the New York "Sun" of July 17, it was further stated:

"There shall be no distressed or forced sales to depress the market," Mr. Cotter emphasized in announcing the campaign. "The HOLC approach toward liquidation of its properties is through an orderly program of selling.

"It is the corporation's policy to sell at prices consistent with favorable market conditions. Its objective is to stimulate interest in the limited supply of properties on hand and to offer an opportunity to qualified purchasers to enjoy home ownership."

"Mr. Cotter said that most of the properties which the HOLC had to sell are one-family houses. The average sale price tag affixed to the houses which HOLC is offering in the campaign is $5,000; the sales terms of repayment are for as long as 15 years, with interest at 4½%.

"With a substantially improved real estate market throughout the Northeastern States," Mr. Cotter further commented, "there is at present a strong demand for home ownership on the part of people who have accumulated savings which they wish to invest with safety in order to provide security in old age. The purchase of a home is for such people an ideal investment."

ABA Group To Study Deposit Insurance

Formation by the American Bankers Association of a Comitee on Federal Deposit Insurance whose function will be the continuing study of the deposit insurance system is announced by W. L. Hemingway, ABA President, who is President of the Mercantile-Commerce Bank and Trust Co., St. Louis.

The committee, which consists of nine bankers representing various sections of the country, will be an adjunct of the Association's Committee on Federal Legislation. Members of the committee are:

Claude E. Bennett, (Chairman) President Tioga County Savings and Trust Co., Wellsboro, Pa.; E. J. Boyd, President, Second National Bank, Warren, Ohio; A. F. Cruse, President, Routt County National Bank, Steamboat Springs, Colo.; Preston B. Doty, President, First National Bank, Beaumont, Tex.; E. V. Krick, Vice-President, American Trust Co., San Francisco, Calif.; George L. Rice, President, Hardwick Bank and Trust Co., Dalton, Ga.; H. N. Thomson, Vice-President, Farmers & Merchants State Bank, Fresho, S. D.; Donald C. White, Executive Vice-President, First National Bank, Lewiston, Maine; Evans Woollen, Jr., President Fletcher Trust Co., Indianapolis, Ind.

Servicemen's Civil Relief Act Increased Loan Delinquencies, ABA Survey Shows

A new statistical analysis of delinquencies on instalment repayments of consumer credit loans, prepared by the Consumer Credit Department of the American Bankers Association, reveals that the Soldiers' and Sailors' Civil Relief Act has increased the total of delinquencies among matured loans and loans more than 90 days overdue. However, it is stated less than 1% of the total number of personal loans outstanding at the end of May, 1943, were delinquent because of the privileges granted by the act, the survey shows.

The Association's announcement of July 21 further said:

"With the exception of the cumulative effect on the Soldiers' and Sailors' Act upon unpaid matured loans, the rate of repayment on such loans as are permissible under Regulation W has remained fairly constant in relation to the rate of repayment prevailing before Pearl Harbor.

"Monthly fluctuations in the delinquency percentages have been within well defined limits, the analysis shows, with the possible exception of February of this year, when delinquencies increased, probably as a result of borrowers withholding instalment payments in order to meet their income taxes. Delinquency percentages dropped sharply after February and resumed a more nearly normal ratio to total loans in March and April."

The ABA states that the analysis shows that of the consumer credit loans outstanding on May 30, 1943, the following percentages were delinquent:

No. of Days Delinquent	% of Loans Delinquent	% Delinquent, Relative to Sept. 30, '41=100
Matured loans	1.121%	131
1- 4 days	1.386%	98
5-14 days	1.496%	103
15-29 days	1.097%	102
30-59 days	.745%	116
60-89 days	.369%	112
90 days and over	.627%	137
Matured loans	1.121%	131
Soldiers' & Sailors' Act Delinquencies	.986%	371

From the ABA advices we also quote:

"From these statistics, it is ascertainable that while delinquencies resulting from the Soldiers' and Sailors' Act accounted for only .986% of total delinquencies at the end of May, their cumulative effect upon delinquencies of 90 days and over, and upon delinquencies among matured loans has been noteworthy. In both categories, the percentage of delinquencies in relation to those of Sept. 30, 1941, carried the relative significance of 137 to 100 and 131 to 100, respectively.

"Moreover, the percentage of Soldiers' and Sailors' Act delinquencies, in relation to these delinquencies as of Sept. 30, 1941 has more than trebled, and reached the relative figure of 371 at the end of May this year. Continued growth of this figure is dependent in part upon whether or not the Selective Service System continues to induct men into the armed forces at the rate prevailing in recent months. Should the rate of induction be lowered in succeeding months, the relative growth of Civil Relief Act delinquencies should normally be expected to be lessened.

"The rate of induction, however, is not the sole determinant of the delinquency rate, it was pointed out. The Civil Relief Act establishes moratoria on personal debt only if the borrower is unable to repay. There is evidence that some borrowers who are in fact able to repay avail themselves of the Act's privileges, without regard for the intent of the Act, which sets forth that repayment of debt incurred before induction into the armed forces is delayed only in cases of undue hardship, and does not relieve the borrower of eventual repayment."

Decision Reserved In AP Anti-Trust Case

A special three-man Federal court in New York City has reserved decision on the Governmen's motion seeking summary judgment against the Associated Press for alleged acts of monopoly and restraint of trade in the gathering of news.

The arguments were heard on July 8. If the government is successful and the court grants the motion, the verdict will be rendered without trial and on documents alone. Otherwise an open trial or hearing will be held.

Contending that the A. P. and its 1,247 member newspapers control the majority of major news fields, the government, in its motion, asked the court to direct the news service to open its news and photo services to all newspapers able to pay their share of the costs.

The A. P. attorneys asserted that the Government has failed to submit evidence that A. P. has monopolized the gathering and dissemination of news and contended that the government's suit is an attempt to infringe the freedom of the press; it is further contended that "maintenance of the present standard of the A. P. news reports depends upon the continued existence of the A. P. as a co-operative enterprise."

The A. P. affidavits in reply to the Government were referred to in these columns July 5, page 52.

Daily Production Rate Of Oil Increased In August

Petroleum Administrator for War Harold L. Ickes on July 19 announced that a production rate of 4,424,600 barrels daily of all petroleum liquids has been certified to the oil-producing states for August, 1943. This figure represents a net increase of 96,100 barrels daily over the total rate certified for July production.

The rates of production certified to the Eastern and Midwest States (Districts 1 and 2) were generally reduced to conform with the continued declining productive capacity in those areas. Minor upward revisions were made for the Rocky Mountain States and California (Districts 4 and 5) consistent with increased productive capacity resulting from additional development in those areas.

In District 3 (Southwest), the important changes in the certifications consist of an increase of 90,000 barrels daily for Texas and an increase of 25,000 barrels daily for Louisiana.

Explaining the increased rates certified for Texas and Louisiana, Deputy Petroleum Administrator Ralph K. Davies said:

"Completion of the Norris City-East Coast leg of the War Emergency Pipe line, coupled with continued general improvement in the transportation situation, will make available additional transportation capacity to move increased volumes of crude oil and products from the Southwest. Moreover, additional crude is needed to supply the increasing requirements of refineries in that district."

Post-War Disposal Of Government Plants Called Major Problem

Secretary of Commerce Jesse Jones said on July 21 the Government had spent $25,000,000,000 in the last three years to build industrial plants and other facilities and asserted disposition and utilization of the properties will be one of the nation's greatest problems after the war.

For his own part, Mr. Jones said, he had no fear "but that Government will deal fairly with industry, because I believe that the people of our country want to maintain the principle of private initiative and private enterprise. . . ."

Regarding the Secretary's remarks, prepared for the Washington "Evening Star" radio forum an Associated Press account, as given in the New York "Journal of Commerce" stated:

Asserting that war expansion cannot and should not be written off as a total loss, the Secretary said:

"How much of it we can use to advantage, and how much can be used for rehabilitation of other countries and on what basis are matters about which we should be thinking now."

Mr. Jones foresaw differing opinions on the use of the plants. Some, he said, will want the Government to stay in business and operate on Federal funds while others will advocate scrapping a large portion of the plants to eliminate "undue competition." Still others, he said, will be looking for bargains, hoping to buy at Government sacrifice prices.

"The nation must be on guard against 'undue pressure' from any of those groups," he said, adding:

"Where any industry is able to absorb Government facilities in its line, on a basis fair to Government, that policy should be adopted, the Government selling or leasing the facilities on fair and reasonable terms. In those industries where Government facilities approximate or far exceed those in private hands, the solutions will be more difficult.

"For example," he said "the Government—because of its heavy investments in the aviation industry—could destroy private investments but certainly we should not and will not.

"The Government, will own all of the synthetic rubber industry and Congress must determine how much of it will be kept in operation.

"Certainly," he added, "we should never again be entirely dependent upon foreign sources of rubber."

Listing some of the Government's other big undertakings, Mr. Jones said that it had built and holds title to three big steel plants and 120 smaller plants and additions. Thus, he said, the Government will own about 10% of the total steel capacity of the country.

With an investment of approximately $43,000,000 in magnesium plants, he said, the Government will own about 92% of total production. It has built and owns nine plants for aluminum production and forty-five plants for fabricating aluminum, he said, with a total investment of $760,000,000.

"So obviously, the Government will be in a position to smother private industry in the manufacture of magnesium, and also to dominate the aluminum industry, because Government alone will have more than enough capacity to supply the entire peacetime needs for aluminum," he said. "These situations will require wisdom, and fairness by Government, otherwise private investments in these industries would be destroyed."

May Employment At All-Time Peak Of 62,400,000, Conference Board Reports

Employment in May mounted to an all-time peak of 62,450,000 according to the National Industrial Conference Board. Nearly 1,200,000 additional persons found employment on the farms, while further additions to the armed forces offset losses in industrial employment and brought the net gain during the month to slightly less than 1,400,000, the Board's figures indicate. The Board reported, under date of July 28 that fully 7,000,000 more were at work or in uniform than in May, 1942. Of this increase during the past year, at least four-fifths resulted from the expansion in the armed forces. The May level of employment exceeded by more than 6,500,000 the total number of persons normally comprising the nation's labor force in peace time.

The Board's announcement further stated:

"While total employment has increased steadily since the start of the year, the number of persons at work in the nation's basic private industries (mining, manufacturing, construction, transportation, and public utilities) has turned downward in recent months. In May, industrial employment in the basic industries dropped by nearly 100,000 or about twice the loss of the preceding month. Employment in manufacturing suffered its first downturn since the outbreak of the war. The number on construction projects was reduced to 1,800,000, or fully a third lower than a year ago. Only in transportation was the level of employment in the basic-industry group above the preceding month's total.

"Official estimates, the Board says, suggest total civilian nonfarm employment will total only about 41,900,000 by the end of the year, or nearly 1,000,000 less than in May. In all, about 5,500,000 workers (net) will have been lost since Pearl Harbor by non-essential industries to munitions and other essential industries, or to the armed forces, nearly 60% of the shift taking place during the current year.

"Despite the monthly gain of nearly 1,200,000, total farm employment of 11,100,000 was almost 300,000 less than a year ago. The decrease was most pronounced in hired workers, this group numbering only 2,471,000, or about 6.5% below the corresponding 1942 total. As of mid-year, children under 14 comprised 13% of all farm workers as against only 4% in April, 1942. Female employment has also expanded sharply, rising from 14% to 27% of total farm employment during the same 14 month period.

"To meet heavy production requirements, farm operators have also expanded their average work-day so that, as of mid-year, it had reached 12.8 hours."

ABA Manual On War Loans To Industry

A comprehensive manual on war loans to industry has been prepared by the Bank Management Commission of the American Bankers Association and is being sent to the Association's entire membership, it was announced on July 23 by Walter B. French, Deputy Manager of the Association. The manual, which contains 152 pages of textual material, interpretations, digests of laws, contract and agreement forms, regulations, and related information is a sequal to earlier publications of the commission which were issued in 1941 and 1942.

According to the manual's preface, the book embraces not only the material in the Commission's former bulletins, with subsequent changes and interpretations, but also extensive information in the fields of renegotiation and termination of government contracts. The latter fields are of coustantly growing significance as the war progresses.

The material in the book was assembled by a special committee of the Association, with the assistance of the ABA's National War Loans Committee. Members of the special committee are: David C. Barry, Vice-President, Lincoln-Alliance Bank & Trust Co., Rochester, N. Y.; Hugh H. McGee, Vice-President, Bankers Trust Co., New York City, and A. C. Simmonds, Jr., Vice-President, Bank of New York, New York City. Subsequent to the work of these committees, the book's contents were edited and published by the Association's Bank Management Commission.

The manual consists of six chapters and an appendix, which in turn contains four chapters. The subjects covered by the six principal chapters are titled as follows: "Financing War Contracts," "Assignment of Claims Under Government Contracts," "Regulation V Guaranteed Loans," "Renegotiation of Government Contracts," "Termination of Contracts for Convenience of the Government," and "Regulation V Loan Agreements." It is announced that among the more significant material discussed in the manual are the loan agreement forms which have been prepared for suggested use by banks which undertake Regulation V loans. Commenting on these forms, the manual says:

"While it is impractical to attempt to standardize the Regulation V loan agreement in its entirety, there are many provisions that appear to be common to many agreements and it is believed that it would be advantageous to both the armed services and the financing institutions if these provisions were stated in the same language and sequence whenever they are used. In the hope that some degree of standardization might be achieved, the committee, after consulting representative bankers and the War and Navy Departments and the Maritime Commission, had counsel draft two forms of loan agreement—one for single bank revolving credits and the other for multi-bank revolving credits. Both agreements have been submitted to the War and Navy Departments and the Maritime Commission and they have advised that these agreements are acceptable as to form."

President Asks Study Of Race-Riot Problem

President Roosevelt has asked the heads of several Government agencies, including the Attorney General, "to give special attention to the problem" of race riots in various parts of the country.

This was disclosed on July 20 by Representative Marcantonio (Amer.-Labor, N. Y.) who had written to the President asking him, according to United Press accounts, to investigate recent racial outbreaks at Detroit, Beaumont, Tex., and other places. Mr. Roosevelt's reply, as made public by Mr. Marcantonio's office:

"I share your feeling that the recent outbreaks of violence in widely scattered parts of the country endanger our national unity and comfort our enemies. I am sure that every true American regrets this.

"I have asked the heads of several government agencies, including the Attorney-General, to give special attention to the problem."

Nazis Reported Abandoning 'European Fortress' Theory For Defense Deep Within Continent

"Nazi dispatches reaching Switzerland on July 22 asserted that Germany is retreating from her 'European fortress' theory to the idea of basic final defense deep within the Continent," according to an Associated Press dispatch from Berne, as given in the New York "Herald-Tribune" which further said:

"Increasingly, since the Allies cracked Sicily, the Nazi press has been referring to the 'reduit national' to be held to the last, with the current coastal fortifications considered only as outer bastions. (A 'reduit' is a small inner fortification, usually at the core of a larger fortress.)

"The strategy, as discussed in Nazi publications, takes into consideration the possible loss of Italy, Southern Greece and France's Atlantic coastline, leaving Germany in a position to make a stand within her own borders and in the industrially desirable parts of central Europe.

"Allied military observers here warn against any optimistic deduction that the Nazis intend a quick, easily forced withdrawal. They say the bitterest fighting must be anticipated, and that the Nazis will let all Europe become a shambles before ending the battle.

"Discussing the 'reduit national' idea, the Swiss weekly publication 'Weltwoche' said: 'The bulk of the German troops, especially stationary weapons, are ready to take up an inner line.'

"Naxi press dispatches indicate that the ultimate 'reduit' will concern only Hungary, Rumania, Denmark and Germany, leaving the rest as a sort of no-man's-land.

"Published Allied reconnaissance reports corroborate that work on the Atlantic Wall has been virtually discontinued Sharply cut Nazi cement production figures are another indication of this.

" 'Weltwoche' said most of the Todt labor battalions have been moved from the Channel to work on new fortifications in the Maginot-Westwall area. Work is similarly being carried on in the east, and in the Black Sea and Danube areas by Bulgaria and Rumania. The publication described concentrations of important industries within the 'reduit,' and the hasty construction of food and munition depots for 'the long wind which will be needed in the war of attrition.' "

Small Builders Unable To Get War Contracts Philip Wolf Reports

Small construction contractors who were promised aid by Washington officials in gaining war contracts, are about ready to admit defeat after a year of concentrated effort to obtain war work, Philip Wolf, Chairman of the American Contractors War Advisory Committee, declared on July 21.

Regarding the interview with her. Wolf in New York City, the New York "Herald Tribune" of July 22 reported:

Mr. Wolf said that while the construction program was slowing down his committee is forced to sit idly by as "job after job in the reduced program is awarded to large firms which already have numerous war contracts." The little contractor," he said, "has become completely demoralized; many have gone out of business and others are barely hanging on."

The small contractor, he continued, has received nothing and apparently can expect nothing from the Smaller War Plants Corp. The construction division of the S. W. P. C., he charged, has now been functioning for four months and "has not yet helped one distressed contractor to obtain a construction contract."

Mr. Wolf, whose committee represents 30 building trades employers' associations throughout the country, further said that Senator James E. Murray, Democrat, of Montana, Chairman of the Senate committee to aid small business had given the committee oral encouragement but no actual assistance.

Asserting that many small construction companies were going out of business because the personnel of S. W. P. C. is not doing its job properly, Mr. Wolf said that small contractors are now demanding that officials of this government agency either produce before it is too late or resign.

Treasury Closes Books On Ctf. Offering

The subscription books for the receipt of cash subscriptions to the current offering of ⅞% Treasury Certificates of Indebtedness of Series D-1944 were closed on July 22 and for the receipt of exchange subscriptions were closed on July 23.

The Treasury Department offered these ⅞% certificates on July 22 on an exchange basis, par for par, to holders of Treasury Certificates of Indebtedness of Series B-1943, maturing Aug. 1 in amount of $1,609,327,000. An additional amount of $900,000,000 of the new certificates were offered for cash to commercial banks accepting demand deposits, for their own account. Restriction of the cash offering to commercial banks is in line with previously announced policy to exclude from war loan drives the offerings to commercial banks.

Secretary Morgenthau disclosed on July 27 that cash subscriptions aggregated $5,484,000,000, being allotted 18% on a straight percentage basis, with adjustments, where necessary, to the $1,000 denomination, and that exchange subscriptions totaled $1,559,000,000.

The new certificates are dated Aug. 2, 1943, will be payable on Aug. 1, 1944, and will bear interest at the rate of seven-eighths of 1% per annum, payable on a semi-annual basis on Feb. 1 and Aug. 1, 1944. They will be issued in bearer form only, with two interest coupons attached, in denominations of $1,000, $5,000, $10,000, $100,000 and $1,000,000.

Pursuant to the provisions of the Public Debt Act of 1941, interest upon the certificates now offered shall not have any exemption, as such, under Federal tax acts now or hereafter enacted.

Subject to the usual reservations, subscriptions in payment of which Treasury Certificates of Indebtedness of Series B-1943 are tendered will be allotted in full. All cash subscriptions will be allotted on an equal percentage basis, to be publicly announced.

Approve Delay In Induction of Students

Students, 18 and 19 years old, in high schools or similar institutions, who are called for induction into the armed forces while they are in the last half of one of their academic years henceforth may have their induction postponed, upon their own request, until the end of their academic year, the Selective Service Bureau of the War Manpower Commission said on July 19. The Bureaus advices further said:

"Selective Service, in advising its State Directors of the action to be taken on high school students, pointed out that it conforms to Public Law 126, which was signed by the President on July 9.

"The advice to Selective Service State Directors stated that 'any persons 18 or 19 years old who, while pursuing a course of instruction at high school or similar institution, is ordered to report for induction during the last half of one of his academic years at such school or institution shall, upon his request, have induction postponed until the end of such academic year or until he ceases to pursue such couse of instruction, whichever is earlier.' "

"Heretofore, under previous law, the induction of high school students, not otherwise deferred, was postponed only if they were in the last half of the academic year at a high school or similar institution when they received their order to report for induction and request postponement. As the academic year of most schools begins in September and ends in June, only those students who received their order to report for induction in the last half of the school's academic year were considered entitled to have their induction postponed.

"The amended law adjusts this situation by stating that the student shall have his induction postponed upon his request if he receives his notice to report for induction in the last half of 'his' academic year."

Registrants in summer vacation are not entitled to postponement of induction, but registrants 18 or 19 years old attending summer session at high schools or similar institutions are entitled to postponement of induction if they have commenced the last half of one of their academic years, Selective Service said.

Price Of Newsprint Increased $4 A Ton

The Office of Price Administration and the Canadian Wartime Prices and Trade Board announced jointly on July 21 that the ceiling price of standard newsprint paper will be increased $4 per ton on Sept. 1.

For standard newsprint, the boost will bring the manufacturers' ceiling "port price" to $58 a ton, with maximum prices for the various newsprint zones adjusted accordingly. Side-run newsprint also will advance to $58, and "super-standard" newsprint will go up to $61.50 a ton, also a "port price" basis. The announcement attributed the rise to "increased costs of wood procurement."

"A number of newsprint mills in both the United States and Canada are operating at a loss," said Price Administrator Prentiss M. Brown, who added:

"It cannot be hoped to adjust the price to a point where each individual mill becomes profitable, but this office is charged with the duty of adjusting prices, upward or downward, as will be generally fair and equitable. It is felt, therefore, that this order raises the price to the minimum extent required by the Emergency Price Control Act."

In granting an increase of $4 per ton, Mr. Brown said that an increase of more than this amount could not be justified.

Canadian producers asked for an increase of $6 per ton, while United States producers asked for an increase of $5 to $6 per ton.

This is the second increase in newsprint prices since 1938. An increase of $4 a ton was granted March 1, 1943. At that time Canadian producers asked for an increase of $8 a ton. The OPA at that time, however, said it would further review the price situation at a later date. The earlier $4 increase was referred to in our issue of March 11, page 916.

Living Costs In Large Cities Declined 0.2% In Month End. June 15 for 1st Reduction In 2½ Yrs.

With other living costs relatively stable, a drop in fresh vegetables and butter prices cut the cost of living for city workers by 0.2% in the month ending June 15—the first month to show a reduction since a year before Pearl Harbor, Secretary of Labor Frances Perkins reported on July 24.

"This small decrease compares with increases of 0.8% for the month ending May 15, 1.1% in the month ending April 15, and 1.5% for the month ending March 15," Secretary Perkins said. She added:

"Led by potatoes, which dropped 9%, against a usual slight rise at this time of the year, fresh vegetables showed more-than-seasonal declines of 8 to 13% from their previous abnormal levels as new crops came onto the market and as victory gardens began to produce. Butter dropped about 5 cents a pound to a national average of 50½ cents under the subsidy program. Butter and potatoes together make up about 9% of the cost of food and about 4% of the total cost of living in the monthly index compiled by the Bureau of Labor Statistics.

"Victory gardens will affect the level of the cost of living index only as they lower commercial prices; no account can be taken in the index of the drop in food costs during the summer for many millions of families who grow their own vegetables. The index cannot reflect the added effort and inconvenience of wartime living, but it is designed to measure changes in retail prices of goods and services currently purchased by families of city wage earners and clerical workers.

"Food prices as a whole, making up over 40% of the index, declined 0.8% because of lower prices for fresh vegetables and butter. Prices of canned fruits and vegetables declined 0.5% as the Office of Price Administration established local dollar-and-cents ceilings in many large cities in May. Eggs, apples and oranges showed the chief increases because of seasonal reductions in supply. Prices of meats were generally unchanged, slight increases for beef, lamb and fish being balanced by slight decreases for pork and chickens.

"Most costs making up the other 60% of the index remained fairly stable. Declines ranging from less than 1% to almost 12% were reported for rayon hose, while there were increases in the cost of cotton underwear and pajamas because of the disappearance of lower-priced lines. Prices of summer clothing were higher than last June. Men's shirts made in accordance with War Production Board limitation orders came onto the market slightly below the May price.

"Miscellaneous goods and services, such as medical care, movies, and beauty and barber shop services, continued to increase. Cost of automobile collision insurance was reduced because of the increasing age of cars on the road.

"Housefurnishings, fuel prices and utility rates were generally stable, and rents were reported practically unchanged from the March levels."

The whole cost of living index now stands at 124.8% of the 1935-39 average, 23.8% above January 1941, base date of Little Steel, and 7.6% above May 1942, when the OPA initiated retail price control. Food prices, however, are 45% above January 1941 and over 16% above May 1942.

Labor Department Reports On Factory Workers' Hours And Earnings In May

The average length of the work-week in all manufacturing industries in May was 45.2 hours, indicating a scheduled work-week averaging more than 47 hours, Secretary of Labor Perkins reported on July 19. "War goods, produced largely in the durable goods group of industries, continued to require an increasing share of total manufacturing time," she said. Secretary Perkins further stated:

"In May, 1943, 62% of total manufacturing man-hours were applied to the durable goods industries as compared with 58% a year ago and a peace-time proportion of 44% (May, 1939). This shift from non-durable to durable has been remarkably steady, amounting to about 4% each year.

"Of the 9 durable goods groups, all but the machinery and transportation equipment groups, which already had the longest work-weeks, reported a longer work-week in May than in April. The hours per week in the machinery group averaged 49.8 and in the transportation equipment group 47.5. Among the durable goods groups the largest monthly increase in work-week, 2.1%, was reported by the lumber and timber basic products group and was of a seasonal nature.

"Of the non-durable goods groups only the apparel group showed a significant drop in hours per week. The work-week in this industry declined seasonally to 38.1 hours per week, about 1½% below the level in April. The average work-week in the food group was 44.7 as compared with 43.3 in April 1943 and 40.9 in May, 1942.

"The increase in hours over the month in the food group was almost entirely due to a 10% increase in average weekly hours in the slaughtering and meat packing industry. Comments from firms in this industry indicate that the increasing shortage of manpower and the increased demands for meat, margarine and the new dried egg product (the major share of which is produced in this industry) made the longer work-week necessary.

"The effect of the coal strikes is reflected in the 12.2% drop in average hours per week in the anthracite mining industry and in the 3.4% drop in the bituminous coal-mining industry between April and May. The work-week in the former averaged 36.1 and in the latter 35.6 hours per week

"Hourly earnings in May including overtime premiums and shift differentials averaged 95.3 cents an hour in all manufacturing. All of the manufacturing industry groups with the sole exception of the apparel group had higher average hourly earnings in May than in April, 1943.

"Both coal-mining industries had lower hourly earnings in May 1943 than in April. The decline in hours coupled with the drop in hourly earnings brought weekly earnings in anthracite mining down to $37.39, 14% below April, and reduced earnings in bituminous coal mining 4.5% to $39.51. All of the other major nonmanufacturing groups reported higher hourly earnings in May than in April.

"Weekly earnings in all manufacturing industries averaged $43.08 in May 1943 as compared with $42.48 in April 1943 and $35.82 in May 1942. The weekly earnings in both the durable and non-durable groups were 1½% above April 1943."

Industry Asked To Cooperate In Nat'l Conservation Campaign

Cooperation of industry in a nation-wide conservation campaign to release critical resources—fuel, manpower, equipment and materials—for war purposes was called for on July 22 by three leading Government executives.

Secretary of the Interior Harold L. Ickes, Defense Transportation Director Joseph B. Eastman and War Production Board Chairman Donald M. Nelson in a joint statement asked the coal, petroleum, electric, natural and manufactured gas, water supply, communications and transportation industries to formulate plans for an intensive voluntary campaign to get underway late this summer. The advices of the Office of War Information state that the campaign will be directed toward both household, commercial and industrial users and will be guided by an inter-agency Government committee. J. A. Krug, Director, Office of War Utilities, Ralph K. Davies, Deputy Petroleum Administrator for War, H. A. Gray, Deputy Solid Fuels Administrator for War, Mr. Eastman, and assistants of these officers will compose the committees. It is added that meetings now are being held with leaders of the various industries by appropriate Government officials to work out the programs each will undertake.

In the joint statement, Messrs. Ickes, Eastman and Nelson said:

"Conservation of fuel, manpower, equipment and materials is a 'must' for the United States if we are to achieve the maximum war production every American wants.

"Every pound of coal, every gallon of oil, every cubic foot of gas that can be saved means that our national energy pool is strengthened just that much. Every man hour saved in the production of these basic fuels, in the production of electricity, in transportation and in communication is a man-hour that can be used for something else. Every pound of tungsten that is saved in the production of electric lamps is a pound that can be used in the production of radar equipment.

"These savings and the countless others that will result from a broad conservation campaign may appear small in the average household or the average industrial or commercial plant. Multiplied by millions of homes and thousands of factories and stores, however, they are tremendous. The saving of a single ton of coal next winter by one householder will not win the war. But if 18,000,000 householders do it their combined effort will go a long way toward winning the war. That same thing applies with equal or even greater force to each of the other industries represented.

"We have, therefore, called upon the coal, petroleum, electric, natural and manufactured gas, water, communications and transportation industries to join with us in a broad conservation campaign to accomplish these results. The campaign will be voluntary. Cooperation of these industries in asking the public to use their services only as absolutely necessary represents a real sacrifice by them. We ask the American public to appreciate that sacrifice and to give them and the war effort enthusiastic and unstinting cooperation as this campaign develops."

Canadians Warned Of Possible American Reaction To Newsprint Orders

J. G. Diefenbaker, Progressive-Conservative member from Saskatchewan, warned the Canadian House of Commons on July 22 against what he termed a possibility of building an "adverse" press for Canada in the United States because of the way in which the pulp and paper industry is being handled.

In Associated Press Ottawa advices, as given in the New York "Herald Tribune" further reported:

"He said antagonism already is apparent among American publishers because of the price increase and the lowered production volume in Canada, which is a main source of supply for American papers. There is a danger that the Americans will believe Canada is taking advantage of them in the matter of price, he said, referring to the $4-a-ton increase in newsprint, effective Sept. 1.

Resources Minister T. A. Crerar said he did not share Mr. Diefenbaker's apprehension. A few newspapers had attacked Canada, but the majority understood "the realities" of the situation, he said.

Mr. Diefenbaker said the effect of Canada's pulp and paper policy on opinion in the United States was likely to reduce greatly or nullify altogether the value of efforts of the Wartime Information Board in the United States. Not only had the price been increased twice this year by $4 a ton, but no steps were being taken to maintain production through proper allotment of man power, he said.

Mr. Diefenbaker said there had been American comment that in the United States pulpwood cutting was an industry for which Army service deferment was allowed, but this was not the case in Canada, to which the United States looked for the bulk of its raw material for paper. He said that failure to ensure sufficient man power for pulpwood cutting had reduced the cut by 1,000,000 cords last season, and there was no apparent hope that this could be improved next season.

"We must not lose this very valuable trade through our failure to arrange the man-power problem," he said. "We must not allow the American newspaper association to get the idea we are trying to take advantage of them in the matter of price or we will get an adverse press."

New England Governors Urge Action On 'Gas' Meat, Grain, and Coal

Governors of the New England States adopted a series of resolutions at a conference in New London, Conn., on July 16 calling on the Federal Government to take steps to correct the situations with respect to grain, meat, gasoline, heating oil and coal.

Characterizing the grain situation as "desperate" and requiring immediate action, the Governors asked Federal aid "by a change in the corn-hog ratio, by requisition, by a change in price ceilings, or by other proper means."

The meat resolution called for immediate action by responsible Federal authorities to assure the people their ration requirements.

Urging that the present method of gasoline rationing be reviewed and revised, the Governors urged an end to the ban on pleasure driving.

The Governors also said the heating oil situation "remains extremely critical" and urged that hard coal from other parts of the country be diverted "to avoid coal rationing to which we are definitely opposed."

Commerce Department Sees Need For Post-War Price Controls To Fight Inflation

The Department of Commerce foresaw on July 22 the necessity of continuing price controls after the war to insure against an inflation energized by billions of dollars of savings.

Savings and bank deposits of individuals and business may reach $100,000,000,000 by the end of the year, the Department said in a statement, and if the war continues "two years or longer this huge reservoir is certain to grow by further tens of billions."

In indicating this United Press Washington advices July 22 in the New York "Herald Tribune" added:

"The pressure of those savings will become critical in the period of conversion from war to peacetime manufacture, business analysts fear, when industry will not be able to meet the demands of the pent-up purchasing power.

"While war-time savings reduce the severity of price-control problems during the war," the statement said, "they create a reservoir of purchasing power, which, when added to current income, would be capable of skyrocketing prices to unbelievable heights if controls should fail."

The post-war danger can be avoided in two ways, the Department said:

1. Reduce Federal borrowing to a minimum by financing the war as largely as possible on a pay-as-you-go basis;
2. Insure continuance of effective price controls for as long as necessary after the war.

"Price control is difficult at all times," the statement said, "but will present even tougher problems after victory when individuals and business naturally seek to make long-deferred purchases." It emphasized, however, that lack of controls after World War I resulted in an upsurge in prices.

Many Will Have To File Sept. 15 Tax Returns

Internal Revenue officials estimated on July 19 that about 13,000,000 taxpayers will have to file returns Sept. 15 and in many cases make a quarterly income tax payment despite the new 20% withholding tax on wages and salaries.

United Press Washington advices of July 19, indicating this, likewise said:

"But for most of these 13,000,000 the Sept. 15 payments won't be nearly as large as previous quarterly installments. The payments will amount to roughly the difference between one-fourth of the tax liability on 1943 income and the amount collected through the withholding tax in July, August and September.

"The whole job of getting the pay as you go tax plan into operation is the greatest administrative task the government has undertaken.

"As part of that job the Bureau now is preparing forms on which the 13,000,000 will have to file on Sept. 15 declarations on 1943's estimated income. These forms will be mailed—by Sept. 1. officials hope—to all of the 38,000,000 persons on the income tax rolls. It will be up to the individual to determine whether he must file an estimate and make a payment Sept. 15.

"The Sept. 15 estimates of 1943 income are required by law from single persons receiving more than $2,700 and married persons receiving more than $3,500 a year from wages and salaries subject to the withholding tax and from all persons who have income of $100 a year or more from sources not subject to withholding."

Weekly Coal And Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended July 17 increased sharply, amounting to 11,860,000 net tons, according to estimates, which is an increase of 690,000 tons, or 6.2%, over the preceding week. Output in the corresponding week last year amounted to 11,139,000 tons. For the present year to July 17, soft coal output was 0.4% in excess of that for the same period in 1942.

The U. S. Bureau of Mines estimated that the total production of Pennsylvania anthracite for the week ended July 17 was 1,338,000 tons, an increase of 100,000 tons (8.1%) over the preceding week. When compared with the output in the corresponding week of 1942 there was an increase of 109,000 tons, or 8.9%. The calendar year 1943 to date shows a decrease of 1.5% when compared with the same period of 1942.

The Bureau of Mines also reported that the estimated production of byproduct coke in the United States for the week ended July 17 showed an increase of 100 tons when compared with the output for the week ended July 10. The quantity of coke from beehive ovens increased 9,300 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COAL
WITH COMPARABLE DATA ON PRODUCTION OF PETROLEUM
(In Net Tons—000 Omitted.)

	Week Ended			January 1 to Date		
Bituminous coal and lignite—	July 17, 1943	†July 10, 1943	July 18, 1942	‡July 17, 1943	July 18, 1942	July 17, 1937
Total, incl. mine fuel	11,860	11,170	11,139	313,348	312,056	241,450
Daily average	1,977	1,960	1,857	1,865	1,874	1,451
*Crude petroleum—						
Coal equivalent of weekly output	6,572	6,552	5,948	178,283	171,845	154,675

*Total barrels produced during the week converted into equivalent coal assuming 6,000,000 B.t.u. per barrel of oil and 13,000 B.t.u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal. (Minerals Yearbook, Review of 1940, page 775.) †Revised. ‡Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE
(In Net Tons)

	Week Ended			Cal. Year to Date		
Penn. anthracite—	§July 17, 1943	¶July 10, 1943	July 18, 1942	July 17, 1943	July 18, 1942	July 20, 1929
*Total incl. coll. fuel	1,338,000	1,238,000	1,229,000	32,136,000	32,609,000	38,338,000
†Commercial produc.	1,284,000	1,188,000	1,180,000	30,850,000	31,305,000	35,578,000
By-product coke—						
United States total	1,178,900	1,178,800	1,192,000	34,251,400	33,532,600	‡
Beehive coke—						
United States total	138,000	128,700	155,900	4,159,000	4,509,900	3,785,000

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision. ¶Revised.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
(In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended					June Avge.
State—	July 10, 1943	July 3, 1943	July 11, 1942	July 12, 1941	July 10, 1937	¶1923
Alabama	381	160	368	294	240	389
Alaska	6	6	5	5	3	**
Arkansas and Oklahoma	77	63	85	21	14	74
Colorado	132	130	118	97	70	165
Georgia and North Carolina	1	1	1	1	††	**
Illinois	1,310	1,473	1,076	965	584	1,268
Indiana	475	472	473	357	234	451
Iowa	39	35	43	39	14	87
Kansas and Missouri	144	153	137	85	72	134
Kentucky—Eastern	960	852	833	881	600	735
Kentucky—Western	269	265	235	173	101	202
Maryland	34	37	38	31	20	42
Michigan	7	7	3	1	5	17
Montana (bituminous and lignite)	92	89	63	43	34	41
New Mexico	38	37	32	21	30	52
North and South Dakota (lignite)	34	37	20	20	13	**14
Ohio	665	626	656	572	379	854
Pennsylvania (bituminous)	2,396	1,945	2,698	2,521	1,734	3,680
Tennessee	125	115	145	131	92	113
Texas (bituminous and lignite)	2	2	8	7	17	23
Utah	104	101	110	50	40	87
Virginia	417	411	394	380	226	239
Washington	26	24	30	23	25	37
*West Virginia—Southern	2,316	2,261	2,215	2,122	1,523	1,519
†West Virginia—Northern	972	887	873	762	444	866
Wyoming	147	160	119	105	61	115
‡Other Western States	1	1	1	††	††	**4
Total bituminous and lignite	11,170	10,350	10,779	9,707	6,575	11,208
§Pennsylvania anthracite	1,238	623	1,193	1,164	652	1,950
Total all coal	12,408	10,973	11,972	10,871	7,227	13,158

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "Other Western States." ††Less than 1,000 tons.

Steel Activity Declines 0.3%—Bookings Are Now Greatly Extended—Trends Again Shifting

"Trends again are shifting on the war time industrial front in the United States, spurred by the sensational turn of events in the Mediterranean," states the "Iron Age" in its issue of today, July 29, further adding: "United Nations fighting forces are far ahead of their schedules, making it necessary to telescope and rearrange certain military supply plans and to think in new terms.

"Producers of some of the vehicles not so urgently needed recently are under new pressure for deliveries. At last one large bomber plane plant has been switched hastily to make 'something more important to the Army.' In one area small plants have suffered cancellations in order that workers may be diverted to a plane plant. Emphasis is being placed also upon fast, lightly armored cars for scouting expeditions and enfilading enemy columns.

"Every attempt is being made to lift production of aircraft beyond present schedules as rapidly as possible, following the success of the air umbrella in the Sicilian campaign. Efforts are under way to accelerate the designing of new model planes, previously proceeding at a more leisurely pace.

"At the same time, all indications point to a continuation of the monster ship-building program. Despite the success of the Navy in reducing sinkings, the landing of more and more troops and supplies in the various theaters of combat makes more vessels necessary. August directives being received by steel mills show increases in plates and structural items intended for the Maritime Commission, which seems to refute any impression that plate production might be curtailed. Railroad carbuilding requirements also may take more plates than originally expected. The Navy is buying steel pontoons freely and the construction of 1,300 oil barges is contemplated. Steel for tank lighters, gasoline cans and scores of other urgent uses is sought.

"High pressure demand upon producers of steel and other metals can be expected to continue. Bookings now are greatly extended, although in healthier shape through the removal of 'dead' specifications than at any time since the war began.

"The trend to forward buying of steel is such that possibly a check may be attempted by government officials. One mill estimates that close to 25% of its capacity for first quarter of 1944 has been spoken for.

"WPB Steel Division officials figure that approximately 650,000 tons of steel will have been picked up by the 'Share the Steel Drive' at its end about a week hence. WPB reported cancellations of more than 525,000 tons, 80% for the third quarter and 20% for the fourth. About 125,000 tons of the total is alloy steel.

"Coal mine operators are up against a severe manpower shortage following the series of coal strikes because some miners were forced to seek more continuous employment in other industries, or were drafted while the strikes were in progress. Latest reports show soft coal output still is under normal.

"Declining to comment upon last week's charges that WMC has created an 'intolerable' situation in the steel industry with its 48-hour week policies, Chairman Paul McNutt of WMC said on Monday that WMC is not compelled to accept recommendations of the Labor-Management Committee whose management members lodged the complaint. Meanwhile, further study of the review statement compiled by the management men revealed a warning issued May 1 by Fred Brenckman of the National Grange and W. R. Ogg of the American Farm Bureau, declaring that the 48-hour week in steel would create difficulties and should not be approved."

The American Iron and Steel Institute on July 26 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 98.0% of capacity for the week beginning July 26, compared with 98.3% one week ago, 90.3% one month ago and 96.3% one year ago. This represents a decrease of 0.3 point or 0.3% from the preceding week. The operating rate for the week beginning July 26 is equivalent to 1,697,000 tons of steel ingots and castings, compared to 1,702,200 tons one week ago, 1,563,700 tons one month ago, and 1,647,700 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on July 26 stated in part as follows: "Steel bookings have increased appreciably this month, in the experience of leading producers, attributed in part to advanced buying, particularly by plate consumers.

"This is a result of change in buying practice under the Controlled Materials Plan which allows contracting for several months ahead, instead of the month by month plan previously followed. A result is that by the end of July most mills will be booked solidly to the end of the year, with some backlogs extending into next year. An increase is noted in demand for plates for high-test gasoline refinery construction.

"Cancellations are being received in less volume than in June and most are attributable to the share-the-steel campaign. Some apply against orders already booked and some affect allotments authorized but not yet booked. In some cases consumers have asked deferment of delivery to next year, thus releasing current capacity for more essential needs.

"Pig iron production in June was 4,836,283 net tons, compared with 5,177,728 tons in May and 5,314,201 in March, the all-time peak. In spite of the sag in June, first-half output was greater than in the corresponding period last year, 30,343,443 tons, compared with 29,445,945 tons. Fuel interruption and necessity for blast furnace relining contributed to the lower figure in June. Percentage of capacity operated in that month was 92.8, while for the year to July 1 it was 96.5.

"Although consumption of Lake Superior iron ore in June fell below that of May and also below that of June last year, cumulative consumption to July 1 was greater than during the comparable period in 1942, 42,854,418 gross tons, compared with 40,731,755 tons. June consumption was 6,730,123 tons, compared with 7,168,788 tons in May and 6,827,265 tons in June, 1942. Stocks at furnaces July 1 were 22,428,761 tons, compared with 26,728,185 tons a year ago. Ore on Lake Erie docks totaled 2,825,046 tons, against 3,267,159 tons a year before."

Electric Output For Week Ended July 24, 1943, Shows 15.7% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended July 24, 1943, was approximately 4,196,357,000 kwh., compared with 3,625,645,000 kwh. in the corresponding week last year, an increase of 15.7%. The output for the week ended July 17, 1943, was 17.4% in excess of the similar period of 1942.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

	Week Ended			
Major Geographical Divisions—	July 24	July 17	July 10	July 3
New England	9.3	11.3	*0.8	13.0
Middle Atlantic	17.5	19.0	12.0	20.8
Central Industrial	13.6	13.0	9.1	19.5
West Central	12.3	13.5	8.2	16.3
Southern States	17.6	22.0	18.7	28.3
Rocky Mountain	10.2	11.1	11.1	16.6
Pacific Coast	20.6	23.4	19.5	26.6
Total United States	15.7	17.4	14.3	20.1

* Decrease from 1942.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1943	1942	% Change 1943 over 1942	1941	1932	1929
Apr 3	3,889,858	3,348,608	+16.2	2,959,646	1,465,076	1,633,291
Apr 10	3,882,467	3,320,858	+16.9	2,905,581	1,480,738	1,696,543
Apr 17	3,916,794	3,307,700	+18.4	2,897,307	1,469,810	1,709,331
Apr 24	3,925,175	3,273,190	+19.9	2,950,448	1,454,505	1,699,822
May 1	3,866,721	3,304,602	+17.0	2,944,906	1,429,032	1,688,434
May 8	3,903,723	3,365,208	+16.0	3,003,921	1,436,928	1,698,942
May 15	3,969,161	3,356,921	+18.2	3,011,345	1,435,731	1,704,426
May 22	3,992,250	3,379,985	+18.1	3,040,029	1,425,151	1,705,460
May 29	3,990,040	3,322,651	+20.1	2,954,647	1,381,452	1,615,085
Jun 5	3,925,893	3,372,374	+16.4	3,076,323	1,435,471	1,689,925
Jun 12	4,040,376	3,463,528	+16.7	3,101,291	1,441,532	1,699,227
Jun 19	4,098,401	3,433,711	+19.4	3,091,672	1,440,541	1,702,501
Jun 26	4,120,038	3,457,024	+19.2	3,156,825	1,456,961	1,723,428
July 3	4,110.793	3,424,188	+20.1	2,903,727	1,341,730	1,592,075
July 10	3,919,398	3,428,916	+14.3	3,178.054	1,415,704	1,711.625
July 17	4,184,143	3,565,367	+17.4	3,199,105	1,433,993	1,727,225
July 24	4,196,357	3,625,645	+15.7	3,220,526	1,440,386	1,732,031
July 31		3,649,146		3,263,082	1,426,986	1,724,728

New OPA Vacation 'Gas' Order Assailed

The new order of the Office of Price Administration permitting certain motorists a single round-trip vacation trip was criticized on July 9 by Robert Moses, New York City Park Commissioner, as "typically unfair, thoughtless, confusing and unworkable."

"Even the OPA," Mr. Moses said in an interview according to the New York "Journal-American," "does not have enough fake civil service stooges to enforce this beauty.

"The order is meaningless. It is worse than any change at all."

The paper indicated gave Mr. Moses's comments as follows:

"The whole thing is ridiculous," Commissioner Moses said.

"Right here in New York we have millions of dollars of the finest recreational facilities in the world simply going to waste because they are easily accessible only by car—places like Orchard Beach, Jones Beach and Jacob Riis Park.

"It would be perfectly simple to allot available gasoline fairly to all A-card drivers and let them go wherever they wanted to go. But that, I suppose, is too direct and sensible for the confusion experts."

Commenting upon reports that the ODT is displeased over the OPA order and had not been informed of it prior to its issuance, Commissioner Moses said:

"That's one of the main troubles.

"Gasoline shortage? Just think of the vast hordes of these Government employes running around.

"Multiply them by all the bureaus and what have you got? As far as the OPA is concerned, you have a public here deprived of recreational facilities as essential as food. You have the horrible spectacle of people spying on each other, internal dissention and general lack of confidence."

Referring again to the new OPA regulation on vacation travel, Commissioner Moses said:

"If the public could have the feeling that the rules are logical, intelligent and uniformly applied, everybody would co-operate. They certainly will not co-operate when these people in Washington don't begin to understand what they are doing."

The OPA order was referred to in our issue of July 8, page 137.

Army Bill Signed By FDR

The record $71,500,000,000 War Department appropriation bill for the 1944 fiscal year was signed by President Roosevelt on July 1. The measure passed the House on June 21 and the Senate on June 30. This largest single grant in history carries direct appropriations of $59,500,000,000 and $12,500,000,000 in funds left over from the current fiscal year.

The bill provides $23,700,000,000 for the procurement of almost 100,000 planes. Other aproximate totals are: Ordnance. $15.100,000,000; Engineer, $4,100,000,000; Chemical Warfare, $1,100,000,000; Medical Department, $600,000,000; Signal Corps, $5,600,000,000; Expediting production, $1,300,000,000 and the Finance Service, $12,300,000,000.

Passage of the bill by the House was noted in our issue of June 24, page 2375.

Daily Average Crude Oil Production For Week Ended July 17, 1943 Increased 12,850 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended July 17, 1943 was 4,103,100 barrels, an increase of 12,850 barrels over the preceding week and 289,700 barrels more than produced in the week ended July 18, 1942. The current figure, however, is 225,400 barrels less than the daily average figure recommended by the Petroleum Administration for War for the month of July, 1943. Daily output for the four weeks ended July 17, 1943 averaged 4,038,900 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 3,962,000 barrels of crude oil daily and produced 11,189,000 barrels of gasoline; 1,453,000 barrels of kerosene; 3,989,000 barrels of distillate fuel oil, and 8,331,000 barrels of residual fuel oil during the week ended July 17, 1943; and had in storage at the end of that week 76,565,000 barrels of gasoline; 9,044,000 barrels of kerosene; 35,036,000 barrels of distillate fuel and 67,017,000 barrels of residual fuel oils. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations July	*State Allowables Begin. July 1	Actual Production Week Ended July 17 1943	Change from Previous Week	4 Weeks Ended July 17, 1943	Week Ended July 18, 1942
Oklahoma	361,400	363,400	†330,650	— 4,400	335,150	374,650
Kansas	300,000	300,000	†293,700	+ 13,550	290,250	286,050
Nebraska	2,200	------	†2,150	+ 50	2,150	3,450
Panhandle Texas			90,400	----	90,250	84,500
North Texas			137,700	----	135,400	142,450
West Texas			245,600	----	239,050	211,900
East Central Texas			123,000	----	126,250	87,700
East Texas			371,000	----	356,850	297,700
Southwest Texas			230,000	----	221,450	154,950
Coastal Texas			412,900	----	400,100	253,050
Total Texas	1,727,000	‡1,728,136	1,615,600	----	1,569,350	1,232,250
North Louisiana			85,250	+ 150	85,050	94,200
Coastal Louisiana			264,000	----	254,900	223,300
Total Louisiana	331,300	360,300	349,250	+ 150	339,950	317,500
Arkansas	77,200	75,043	77,200	+ 250	76,200	72,250
Mississippi	50,000		50,850	— 350	52,550	81,700
Illinois	233,000		210,000	— 9,950	214,550	278,850
Indiana	14,500		12,350	— 1,350	13,550	19,150
Eastern— (Not incl. Ill. Ind. Ky.)	88,100		77,850	+ 3,800	77,150	87,050
Kentucky	25,000		21,350	— 1,550	21,200	11,600
Michigan	60,100		55,900	+ 300	55,850	61,800
Wyoming	97,200		93,700	+ 3,450	90,600	91,950
Montana	21,800		20,900	----	20,900	21,750
Colorado	7,000		7,400	+ 600	7,000	7,150
New Mexico	105,700	105,700	103,950	+ 6,800	98,800	65,150
Total East of Calif.	3,501,500		3,322,800	+ 11,450	3,265,200	3,012,300
California	827,000	§827,000	780,300	+ 1,400	773,700	701,100
Total United States	4,328,500		4,103,100	+ 12,850	4,038,900	3,713,400

*P.A.W. recommendations and state allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual state production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline and allied products in April, 1943, as follows: Oklahoma, 27,400; Kansas, 5,400; Texas, 107,400; Louisiana, 20,000; Arkansas, 2,700; Illinois, 11,200; Eastern (not including Illinois, Indiana or Kentucky), 8,900; Kentucky, 3,200; Michigan, 100; Wyoming, 2,300; Montana, 300; New Mexico, 5,200; California, 44,900.

†Oklahoma, Kansas, Nebraska figures are for week ended 7 a.m. July 15, 1943.

‡This is the net basic allowable as of July 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 3 to 15 days, the entire state was ordered shut down for 9 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 9 days shut-down time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED JULY 17, 1943

(Figures in Thousands of barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are ——therefore on a Bureau of Mines basis——

District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,444	88.7	1,889	77.3	5,155	31,326	14,556	13,600
Appalachian	177	84.8	146	82.5	427	2,134	1,047	551
Ind., Ill., Ky.	824	85.2	723	87.7	2,393	15,248	5,304	3,329
Okla., Kans., Mo.	416	80.1	354	85.1	1,141	6,192	2,012	1,659
Rocky Mountain	147	55.9	96	65.3	266	1,764	360	654
California	817	89.9	754	92.3	1,807	19,901	11,757	47,224
Tot. U. S. B. of M. basis July 17, 1943	4,825	86.4	3,962	82.1	11,189	†76,565	35,036	67,017
Tot. U. S. B. of M. basis July 10, 1943	4,825	86.4	3,952	81.9	11,231	¶77,733	35,119	67,142
U. S. Bur. of Mines basis July 18, 1942			3,564		10,793	82,908	35,063	77,015

*At the request of the Petroleum Administration for War. †Finished, 65,854,000 barrels; unfinished, 10,686,000 barrels. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,453,000 barrels of kerosene, 3,389,000 barrels of gas oil and distillate fuel oil and 8,331,000 barrels of residual fuel oil produced during the week ended July 17, 1943, which compares with 1,313,000 barrels, 3,697,000 barrels and 8,192,000 barrels, respectively, in the preceding week, and 1,159,000 barrels, 3,647,000 barrels and 6,796,000 barrels in the week ended July 18, 1943.

¶Revised upward in California district. Unfinished gasoline stocks are also revised upward by same amount.

Notes—Stocks of kerosene amounted to 9,044,000 barrels at July 17, 1943, against 8,194,000 barrels a week earlier and 10,284 barrels a year before.

The following revisions in United States totals are reported for the week ended July 3, 1943 due to changes in figures previously received covering the California district: Finished and unfinished gasoline stocks to 78,141,000 barrels; unfinished gasoline stocks to 10,323,000 barrels; residual fuel oil stocks to 66,342,000 barrels; residual fuel oil production to 7,687,000 barrels.

Federal Reserve June Business Indexes

The Board of Governors of the Federal Reserve System issued on July 24 its monthly indexes of industrial production, factory employment and payrolls, etc. At the same time the Board made available its customary summary of business conditions. The indexes for June, together with comparisons for a month and a year ago, are as follows:

BUSINESS INDEXES

1935-39 average = 100 for industrial production and freight-car loadings;
1939=100 for factory employment and payrolls;
1923-25 average = 100 for all other series

	Adjusted for —Seasonal Variation—			Without —Seasonal Adjustment—		
Industrial production—	June 1943	May 1943	June 1942	June 1943	May 1943	June 1942
Total	†201	203	176	†202	204	177
Manufactures—						
Total	†216	217	184	†217	217	185
Durable	†302	303	244	†304	304	246
Nondurable	†147	147	136	†147	147	136
Minerals	†117	130	127	†121	133	132
Construction contracts, value—						
Total	*	52	193	*	62	228
Residential	*	31	76	*	37	83
All other	*	68	288	*	83	346
Factory employment—						
Total	†169.2	168.2	150.9	†168.2	167.2	149.9
Durable goods	†227.4	226.0	183.9	†227.4	225.9	188.9
Nondurable goods	†123.4	122.7	121.0	†121.5	120.8	119.2
Factory payrolls—						
Total	---	---	---	*	313.4	234.5
Durable goods	---	---	---	*	437.0	312.1
Nondurable goods	---	---	---	*	192.5	158.7
Freight-car loadings	‡	‡	‡	132	137	139
Department store sales, value	†129	125	104	†124	125	100
Department store stocks, value	*	†83	136	*	†91	129

*Data not yet available. †Preliminary or estimated. ‡Data in process of revision.

Note—Production, carloadings, and department store sales indexes based on daily averages. To convert durable manufactures, non-durable manufactures and minerals indexes to points in total index, shown in Federal Reserve Chart Book, multiply durable by .379, non-durable by .469, and minerals by .152.

Construction contract indexes based on three-month moving averages, centered at second month, of F. W. Dodge data for 37 Eastern States. To convert indexes to value figures, shown in the Federal Reserve Chart Book, multiply total by $410,269,000, residential by $184,137,000, and all other by $226,132,000.

Employment index, without seasonal adjustment, and payrolls index compiled by Bureau of Labor Statistics.

INDUSTRIAL PRODUCTION
(1935-39 average = 100)

	Adjusted for —Seasonal Variation—			Without —Seasonal Adjustment—		
Manufactures—	June 1943	May 1943	June 1942	June 1943	May 1943	June 1942
Iron and steel	201	208	198	201	208	198
Pig iron	190	196	194	190	196	194
Steel	227	233	216	227	233	216
Open hearth and Bessemer	177	184	178	177	184	178
Electric	583	584	489	583	584	489
Machinery	†366	365	287	†366	365	287
Transportation equipment	†614	606	396	†614	606	396
Non-ferrous metals & products	†194	194	186	†194	194	186
Lumber and products	†123	126	131	†130	131	138
Lumber	†113	117	127	†123	125	138
Furniture	†143	143	139	†143	143	139
Stone, clay, & glass products	*	145	147	*	154	158
Cement	*	131	171	*	137	183
Polished plate glass	46	47	37	46	47	37
Textiles and products	†153	157	152	†153	157	152
Cotton consumption	160	169	169	160	169	169
Rayon deliveries	†183	185	169	†183	185	169
Wool textiles	*	158	151	*	158	151
Leather products	*	115	121	*	114	116
Tanning	*	117	122	*	116	118
Cattle hide leathers	*	134	143	*	132	136
Calf and kip leathers	*	92	88	*	88	90
Goat and kid leathers	*	90	94	*	88	94
Shoes	*	115	120	*	115	114
Manufactured food products	†147	148	138	†148	142	139
Wheat flour	118	117	102	111	106	95
Meat packing	†158	162	153	†154	162	149
Other manufactured foods	†150	151	140	†142	138	133
Tobacco products	*	120	122	*	123	132
Cigars	*	105	112	*	104	120
Cigarettes	*	139	136	*	144	150
Manufactured tobacco & snuff	*	85	94	*	86	96
Paper and products	*	136	134	*	137	133
Paperboard	152	150	120	152	150	120
Newsprint production	*	89	103	*	90	104
Printing and publishing	†110	111	104	†109	114	103
Newsprint consumption	100	102	97	101	106	98
Petroleum and coal products	*	121	115	*	121	115
Petroleum refining	*	114	108	*	114	108
Gasoline	†106	104	101	†106	104	101
Fuel oil	*	137	123	*	137	123
Lubricating oil	*	116	123	*	121	123
Kerosene	*	122	103	*	124	97
Coke	†159	166	164	†159	166	164
Byproduct	†154	157	153	†154	157	153
Beehive	†340	482	539	†340	482	539
Chemicals	†228	221	172	†222	220	166
Minerals—						
Fuels	†114	129	121	†114	129	121
Bituminous coal	†103	143	144	†103	143	144
Anthracite	†73	124	117	†73	124	117
Crude petroleum	†123	125	113	†123	125	113
Metals	†137	134	159	†164	154	195
Iron ore	249	242	236	359	321	382

†Preliminary or estimated. *Data not yet available.

FREIGHT-CAR LOADINGS
(1935-39 average = 100)

Coal	‡	‡	‡	100	132	135
Coke	‡	‡	‡	162	179	§178
Grain	‡	‡	‡	140	123	111
Livestock	110	112	103	86	101	81
Forest products	140	138	§160	145	143	§166
Ore	‡	‡	‡	297	269	318
Miscellaneous	144	143	144	146	145	145
Merchandise, l.c.l.	63	62	60	63	62	60

‡Data in process of revision. §Revised.

Note—To convert coal and miscellaneous indexes to points in total index, shown in the Federal Reserve Chart Book, multiply coal by .213 and miscellaneous by .548.

President Sees Winning Over Of Martinique As Justification Of Foreign Policy

President Roosevelt upheld on July 16 the Administration's policy toward France's colonial possessions, citing the winning of Martinique to the United Nations' side and said that all the French Empire now appears to be working for the common cause—to liberate France and defeat the Axis.

The President described as vicious propaganda certain criticisms attacking the Government's policy since France fell, saying it was very unfair, incorrect, and derogatory to a well-ordered plan going back severatl years.

Regarding his remarks, Associated Press Washington advices stated:

"The President told his press-radio conference he did not intervene with force to take over Martinique and Guadeloupe, French Caribbean possessions, as some critics of his policy had urged, but waited to avoid bloodshed and consequences which would have cut into the overall war picture.

"Using the parlance of the baseball diamond, he said the State Department and the administration waited out the situation and got a base on balls.

"It now seems clear, he added, that practically the entire French Empire is working to free France and beat back her oppressors.

"He asserted the United States has kept aloof from internal politics in other countries, but that out of this has come a vicious propaganda which he declared harmful.

"Mr. Roosevelt said the Government's policy has been consistent since the fall of France, and primarily aimed at keeping the French fleet from falling into Axis hands.

"Although Vichy France scuttled much of her fleet following the Allied North African invasion, he said the American policy has been working out very well and is aimed at working hand in hand with all those elements who believe in liberty and freedom and who oppose the Axis.

"The Chief Executive began his discussion of French policy by saying that since his last press-radio conference things have been going along pretty well in that connection. He mentioned the capitulation to the Allied cause of Admiral Georges Robert as administrator of Martinique and his replacement by Henri-Etienne Hoppenot for the French National Committee of Liberation.

"He said many people, including a lot of persons he described as isolationists, wanted the United States to take a fleet and capture Martinique. By so doing, he added, this Government would have at the same time been buying a large headache involved in running the island.

"For two years, he said, the United States has been taking it on the chin—waiting for the change that eventually has come about, to avoid bloodshed.

"All in all, he emphasized, he believes the Government's policy in the whole French matter has worked out pretty well so far."

United Press accounts from Fort De France, Martinique, July 15 stated:

"Henri-Etienne Hoppenot has arrived in Martinique and, as his first acts of authority over the French Antilles, has restored the republican government and abrogated the laws of the administration of Admiral Georges Robert, the former pro-Vichy commandant.

"Mr. Hoppenot, director of civil services of the French military mission in Washington, who was named by the French Committee of National Liberation in Algiers to assume authority from Admiral Robert, arrived with his party yesterday—Bastille Day."

The State Department at Washington announced on July 13 that Mr. Henri Hoppenot had been appointed by the French National Committee of Liberation, headed jointly by Generals Henri Giraud and Charles De Gaulle, to succeed Admiral Robert as French High Commissioner for the Antilles.

Brazilian Air Group Touring U. S. Plants

Dr. Joaquin Pedro Salgado, Brazilian Minister of Aeronautics, accompanied by members of his staff and several United States Army and Navy officers, arrived in New York City on July 18 from Washington. The Brazilian Air Minister and his party, who came to the United States earlier this month as guests of the Army and Navy Air Forces, are on an inspection tour of airplane factories, tactical installations and training bases in various sections of the country.

June Department Store Sales In New York Federal Reserve District 18% Above Year Ago

The Federal Reserve Bank of New York announced on July 20 that June sales of department stores in the Second (New York) Federal Reserve District increased 18% above a year ago. The combined sales for January through June are 7% higher than in the same period last year. Stocks of merchandise on hand in department stores at the end of June were 33% below June 30, 1942.

The apparel stores in the New York Reserve District reported a gain of 33% in net sales in June. Their stocks on hand at the close of the month were 15% below last year.

The following is the bank's tabulation:

DEPARTMENT STORE TRADE BY MAJOR LOCALITIES: JUNE, 1943

Second Federal Reserve District

	Percentage changes from a year earlier		
	Net Sales		
Department Stores—	June	Jan. thru June	Stock on hand. June 30, 1943
New York City	+19	+ 8	—36
*Northern New Jersey	+12	— 1	—39
*Newark	+14	+ 1	—41
Westchester and Fairfield Counties	+ 6	— 2	—24
Bridgeport	+ 4	— 3	—28
Lower Hudson River Valley	+12	+ 2	—12
Poughkeepsie	+15	+ 4	----
Upper Hudson River Valley	+11	— 2	— 7
Albany	+ 8	— 9	----
Schenectady	+16	+ 7	— 5
Central New York State	+19	+11	—26
Mohawk River Valley	+26	+14	—23
Utica	+25	+13	----
Syracuse	+15	+10	—27
Northern New York State	+10	+ 3	----
Southern New York State	+20	+10	—11
Binghamton	+29	+13	----
Elmira	— 3	— 2	----
Western New York State	+21	+12	—22
Buffalo	+20	+13	—15
Niagara Falls	+34	+35	— 6
Rochester	+21	+ 9	—34
*All department stores	+18	+ 7	—33
Apparel stores	+33	+21	—15

*Subject to possible revision.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

Second Federal Reserve District

[1923-25 average = 100]

	1942	1943		
	June	April	May	June
Sales (average daily), unadjusted	92	*116	*108	110
Sales (average daily), seasonally adjusted	97	*114	*115	115
Stocks, unadjusted	*161	*101	*104	104
Stocks, seasonally adjusted	*166	99	102	109

*Revised.

Wholesale Commodity Index Declined 0.1% During Week Ended July 17, Says Labor Dept.

The U. S. Department of Labor announced on July 22 that seasonally lower prices for fresh fruits and vegetables and declines for eggs in most markets brought the Bureau of Labor Statistics' index of commodity prices in primary markets down 0.1% in mid-July. The all-commodity index for the week ended July 17 stood at 102.9% of the 1926 average, less than 5% higher than at this time last year.

The Department's announcement's further stated:

"**Farm products and foods.** Led by sharp seasonal declines in market prices for potatoes, prices for farm products in primary markets fell 0.8% during the week. Decreases were also reported for eggs, and for oats, steers, hogs, dried beans and onions. The lower prices for eggs resulted from Office of Price Administration action placing all eggs under price ceilings effective July 12. Prices for live poultry were up 4% and cows rose 3%. Barley, rye, wheat, and tobacco advanced fractionally.

"Average prices for foods continued downward. In addition to weakening prices for fruits, vegetables, and eggs, flour dropped 1.3%. Higher prices were reported for oatmeal, while dairy products and meats were steady.

"**Industrial commodities.** There were very few price changes in industrial commodities. The textile markets remained firm. Bituminous coal and common building brick edged slightly higher in a few areas. Rosin declined about 2% and realized prices for maple flooring were off almost 1%."

The following notation is made:

During the period of rapid changes caused by price controls, materials allocation, and rationing the Bureau of Labor Statistics will attempt promptly to report changing prices. Indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following table shows index numbers for the principal groups of commodities for the past 3 weeks, for June 19, 1943 and July 18, 1942 and the percentage changes from a week ago, a month ago, and a year ago:

(1926=100)

						Percentage changes to July 17, 1943 from—		
	7-17	7-10	7-3	6-19	7-18	7-10	6-19	7-18
Commodity groups—	1943	1943	1943	1943	1942	1943	1943	1942
All commodities	*102.9	*103.0	*103.0	*103.5	98.3	—0.1	—0.6	+ 4.7
Farm products	*125.0	*126.0	*125.9	*127.0	104.9	—0.8	—1.6	+19.2
Foods	106.5	107.3	107.6	109.0	98.3	—0.7	—2.3	+ 8.3
Hides and leather products	118.4	118.4	118.4	118.4	118.8	0	0	— 0.3
Textile products	96.9	96.9	96.9	96.9	96.8	0	0	+ 0.1
Fuel and lighting materials	81.6	81.5	81.5	81.4	79.6	+0.1	+0.2	+ 2.5
Metals and metal products	*103.8	*103.8	*103.9	*103.9	103.9	0	—0.1	— 0.1
Building materials	110.6	110.5	110.4	110.4	110.2	+0.1	+0.2	+ 0.4
Chemicals and allied products	100.1	100.1	100.2	100.2	97.2	0	—0.1	+ 3.0
Housefurnishing goods	104.4	104.3	104.3	104.3	104.4	+0.1	+0.1	0
Miscellaneous commodities	91.6	91.6	91.6	91.8	89.6	0	—0.2	+ 2.2
Raw materials	*113.4	*114.0	*114.0	*114.5	99.5	—0.5	—1.0	+41.0
Semimanufactured articles	92.7	92.7	92.7	92.9	92.8	0	—0.2	— 0.1
Manufactured products	*99.6	*99.6	*99.7	*100.0	98.7	0	—0.4	+ 0.9
All commodities other than farm products	*98.1	*98.1	*98.1	*98.4	96.9	0	—0.3	+ 1.2
All commodities other than farm products and foods	*97.0	*96.9	*96.9	*96.9	95.9	+0.1	+0.1	+ 1.1

*Preliminary.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†

(Based on Average Yields)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings*				Corporate by Groups*		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus
July 27	120.36	111.25	119.20	117.00	111.44	99.20	103.47	114.08	117.20
26	120.49	111.25	119.20	116.80	111.44	99.36	103.47	114.08	117.00
24	120.52	111.25	119.20	116.80	111.44	99.36	103.47	114.08	117.20
23	120.51	111.25	119.20	116.80	111.44	99.20	103.30	114.08	117.00
22	120.27	111.25	119.41	116.80	111.44	99.20	103.30	114.08	117.20
21	120.14	111.25	119.20	116.80	111.44	99.20	103.30	114.08	117.20
20	120.24	111.25	119.20	116.80	111.44	99.20	103.30	114.08	117.20
19	120.36	111.25	119.20	116.80	111.44	99.20	103.13	114.27	117.20
17	120.43	111.25	119.20	116.80	111.44	99.20	103.13	114.27	117.20
16	120.46	111.25	119.20	116.80	111.44	99.20	103.13	114.08	117.20
15	120.56	111.25	119.20	116.80	111.44	99.20	103.13	114.08	117.20
14	120.63	111.25	119.20	116.80	111.44	99.04	103.13	114.08	117.00
13	120.64	111.07	119.00	116.61	111.25	99.04	102.96	114.08	117.00
12	120.78	111.07	119.20	116.61	111.25	98.88	102.96	114.08	116.80
10	120.77	111.07	119.20	116.41	111.25	98.88	102.96	114.08	116.80
9	120.73	111.07	119.20	116.61	111.25	98.88	102.80	114.08	117.00
8	120.75	110.88	119.00	116.61	111.25	98.57	102.80	113.89	116.80
7	120.79	110.88	119.00	116.41	111.25	98.57	102.80	113.89	116.80
6	120.87	110.88	119.00	116.22	111.25	98.57	102.63	113.70	116.80
5				EXCHANGE CLOSED					
3	120.78	110.70	118.80	116.22	111.25	98.25	102.46	113.70	116.61
2	120.75	110.70	118.80	116.22	111.25	98.25	102.46	113.70	116.61
1	120.71	110.70	118.80	116.22	111.25	98.41	102.46	113.89	116.61
Jun 25	120.41	110.70	118.80	116.22	111.07	98.09	102.46	113.70	116.61
18	120.15	110.52	118.60	116.02	111.07	97.94	102.30	113.50	116.41
11	119.99	110.52	118.60	116.02	111.07	97.94	102.30	113.50	116.41
4	119.92	110.34	118.40	115.82	111.07	97.78	102.30	113.50	116.02
May 28	119.82	110.34	118.20	115.82	110.88	97.78	102.30	131.31	115.82
21	119.44	110.15	118.20	115.82	110.70	97.47	101.97	113.12	115.82
14	119.27	109.97	118.00	115.63	110.70	97.47	101.80	113.12	115.82
7	119.03	109.79	118.00	115.43	110.52	97.16	101.47	112.93	115.82
Apr. 30	118.36	109.79	118.00	115.43	110.34	97.00	101.31	113.12	115.63
22	118.22	109.60	118.00	115.43	110.34	96.69	100.98	113.12	115.82
16	118.06	109.60	117.80	115.43	110.52	96.38	100.81	112.93	115.63
9	117.48	109.60	117.80	115.43	110.52	96.69	100.98	113.12	115.63
Mar. 26	116.93	109.60	117.80	115.43	110.52	96.23	100.65	113.12	115.63
Feb 26	117.11	109.24	117.60	115.43	110.15	95.47	100.00	112.93	115.43
Jan. 29	117.04	108.70	117.60	115.04	109.79	94.56	99.04	112.56	115.43
High 1943	120.87	111.25	119.41	117.00	111.44	99.36	103.47	114.27	117.20
Low 1943	116.85	107.44	116.80	113.89	108.88	92.35	97.16	111.81	114.46
High 1942	118.41	107.62	117.20	114.27	108.88	92.64	97.47	112.19	114.66
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.32	109.60	112.75
1 Year ago July 27, 1942	118.22	106.74	116.61	113.31	107.98	91.77	95.92	111.44	114.27
2 Years ago July 26, 1941	119.54	107.80	118.00	115.24	108.34	92.06	97.47	111.81	115.04

MOODY'S BOND YIELD AVERAGES†

(Based on Individual Closing Prices)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate	Corporate by Ratings				Corporate by Groups		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus
July 27	1.83	3.10	2.69	2.80	3.09	3.80	3.54	2.95	2.79
26	1.82	3.10	2.69	2.81	3.09	3.79	3.54	2.95	2.80
24	1.81	3.10	2.69	2.81	3.09	3.79	3.54	2.95	2.79
23	1.81	3.10	2.69	2.81	3.09	3.80	3.55	2.95	2.80
22	1.83	3.10	2.68	2.81	3.09	3.80	3.55	2.95	2.79
21	1.84	3.10	2.69	2.81	3.09	3.80	3.55	2.95	2.79
20	1.84	3.10	2.69	2.81	3.09	3.80	3.55	2.95	2.79
19	1.83	3.10	2.69	2.81	3.09	3.80	3.56	2.94	2.79
17	1.82	3.10	2.69	2.81	3.09	3.80	3.56	2.94	2.79
16	1.82	3.10	2.69	2.81	3.09	3.80	3.56	2.95	2.79
15	1.81	3.10	2.69	2.81	3.09	3.80	3.56	2.95	2.79
14	1.81	3.10	2.69	2.81	3.09	3.81	3.56	2.95	2.80
13	1.81	3.11	2.70	2.82	3.10	3.81	3.57	2.95	2.80
12	1.80	3.11	2.69	2.82	3.10	3.82	3.57	2.95	2.81
10	1.80	3.11	2.69	2.83	3.10	3.82	3.57	2.95	2.81
9	1.80	3.11	2.69	2.82	3.10	3.82	3.58	2.95	2.80
8	1.80	3.12	2.70	2.82	3.10	3.84	3.58	2.96	2.81
7	1.79	3.12	2.70	2.83	3.10	3.84	3.58	2.96	2.81
6	1.79	3.12	2.70	2.84	3.10	3.84	3.59	2.97	2.81
5				EXCHANGE CLOSED					
3	1.80	3.13	2.71	2.84	3.10	3.86	3.60	2.97	2.82
2	1.80	3.13	2.71	2.84	3.10	3.86	3.60	2.97	2.82
1	1.80	3.13	2.71	2.84	3.10	3.85	3.60	2.96	2.82
Jun 25	1.82	3.13	2.71	2.84	3.11	3.87	3.60	2.97	2.82
18	1.84	3.14	2.72	2.85	3.11	3.88	3.61	2.98	2.83
11	1.87	3.14	2.72	2.85	3.11	3.88	3.61	2.98	2.83
4	1.87	3.15	2.73	2.86	3.11	3.89	3.61	2.98	2.85
May 28	1.88	3.15	2.74	2.86	3.12	3.89	3.61	2.99	2.86
21	1.90	3.16	2.74	2.86	3.13	3.91	3.63	3.00	2.86
14	1.92	3.17	2.75	2.87	3.13	3.91	3.64	3.00	2.86
7	1.93	3.18	2.75	2.88	3.14	3.93	3.66	3.01	2.86
Apr. 30	1.98	3.18	2.75	2.88	3.15	3.94	3.67	3.00	2.87
22	1.99	3.19	2.75	2.88	3.15	3.96	3.69	3.00	2.86
16	2.00	3.19	2.76	2.88	3.14	3.98	3.70	3.01	2.87
9	2.04	3.19	2.76	2.89	3.14	3.96	3.69	3.00	2.87
Mar. 26	2.08	3.19	2.76	2.88	3.14	3.99	3.71	3.00	2.87
Feb 26	2.06	3.21	2.77	2.88	3.16	4.04	3.75	3.01	2.88
Jan. 29	2.06	3.24	2.77	2.90	3.18	4.10	3.81	3.03	2.88
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	1.79	3.10	2.68	2.80	3.09	3.79	3.54	2.94	2.79
High 1942	2.14	3.39	2.88	3.02	3.33	4.37	4.05	3.19	3.02
Low 1942	1.93	3.30	2.79	2.94	3.23	4.23	3.91	3.05	2.92
1 Year ago July 27, 1942	2.00	3.35	2.82	2.99	3.28	4.29	4.01	3.09	2.94
2 Years ago July 26, 1941	1.90	3.29	2.75	2.89	3.26	4.27	3.91	3.07	2.90

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14. 1943. page 202.

June Life Insurance Sales Advance

The sale of ordinary life insurance in the United States in June amounted to $632,597,000, an advance of about 30% over the volume sold in the same month of 1942, according to the monthly survey issued by the Life Insurance Sales Research Bureau, Hartford, Conn. The total sales volume for the first six months of 1943, aggregating $3,498,645,000, however, is 5% below the amount sold in the same period of 1942.

The sales volume and the ratios for all sections are reported by the Bureau as follows:

	JUNE, 1943		YEAR TO DATE	
	Sales Volume in $1,000	Ratios '43-'42 All Cos.	Sales Volume in $1,000	Ratios '43-'42 All Cos.
U. S. Total	$632,597	130%	$3,498.645	95%
New England	45,838	117	269,180	91
Middle Atlantic	162,344	130	929,767	92
E. N. Central	138,914	124	784,501	94
W. N. Central	63,243	127	346,182	98
South Atlantic	63,313	136	346.819	99
E. S. Central	27,620	137	140,383	94
W. S. Central	46,796	145	246,992	97
Mountain	20,116	159	99,535	110
Pacific	64,413	137	335,286	99

WPB Planning And Statistics Bureau

A new Bureau of Planning and Statistics has been established in the War Production Board, combining the functions of the former Division of Statistics, Planning Committee and Office of Progress Reports, it was announced on July 10 by Charles E. Wilson, Executive Vice Chairman of the WPB.

The new Bureau, to be directed by Stacy May, who will continue to head the Statistics Division, will recommend plans and policies for effective war mobilization of industrial resources and essential civilian production. It will also appraise the feasibility and balance of production objectives and effective implementation of policy, and will compile statistical and other information relating to these tasks.

Simon Kuznets, who has been Acting Chairman of the Planning Committee, is Associate Director of the Bureau and head of the new Planning Division. M. Joseph Meehan, who headed the Office of Progress Reports, is director of the new Progress Division.

The announcement further states:

"A specific duty of the Bureau will be to compile a Materials Handbook, recording quarterly official estimates of supply and demand for major industrial materials. It will also prepare reports on significant changes in these estimates during the quarterly periods.

"The new Bureau will collaborate closely with international bodies concerned with production problems. Upon request it will furnish statistical studies, progress reports, and policy recommendations to the Combined Production and Resources Board, Combined Raw Materials Board, and the Combined Shipping Adjustment Board. It will also deal closely with centralized information offices of the Army, Navy, United States Maritime Commission, and other agencies concerned with production and procurement."

President Praises Elks

President Roosevelt on July 10 praised the Benevolent and Protective Order of Elks for their "spendid service" to the war effort. In a message read at the organization's war conference in Boston, the President wrote:

"Not strangers to good works in times of peace, I like to think that the splendid program in behalf of the underprivileged everywhere, which the Elks carried on in the years before Pearl Harbor, was a preparation for the larger effort which they have made and are making to hasten victory.

"Through hearty cooperation with the Army and Navy, individual lodges and individual members have rendered a splendid service. The practical educational program has been of great value and the provision of recreational facilities in Elk fraternal centers has added to the efficiency of the armed forces and helped immensely in upholding and maintaining morale."

Moody's Daily Commodity Index

Tuesday, July 20	243.3
Wednesday, July 21	243.6
Thursday, July 22	244.1
Friday, July 23	244.2
Saturday, July 24	244.0
Monday, July 26	244.0
Tuesday, July 27	244.1
Two weeks ago, July 13	244.2
Month ago, June 26	244.2
Year ago, July 27	230.3
1942 High, Dec. 22	239.9
Low, Jan. 2	220.0
1943 High, April 1	249.8
Low, Jan. 2	240.2

Trading On New York Exchanges

The Securities and Exchange Commission made public on July 24 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended July 10, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended July 10 (in round-lot transactions) totaled 1,609,681 shares, which amount was 18.12% of the total transactions on the Exchange of 4,442,840 shares. This compares with member trading during the week ended July 3 of 1,936,384 shares, or 16.97% of total trading of 5,704,890 shares. On the New York Curb Exchange, member trading during the week ended July 10 amounted to 423,515 shares, or 14.28% of the total volume of that Exchange of 1,483,175 shares; during the July 3 week trading for the account of Curb members of 492,265 shares was 15.59% of total trading of 1,578,575.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED JULY 10, 1943

	Total for Week 7-10-43	†Per Cent
A. Total Round-Lot Sales:		
Short sales	100,880	
‡Other sales	4,341,960	
Total sales	4,442,840	
B. Round Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	369,100	
Short sales	52,010	
‡Other sales	312,590	
Total sales	364,600	8.26
2. Other transactions initiated on the floor—		
Total purchases	301,340	
Short sales	18,500	
‡Other sales	244,400	
Total sales	262,900	6.35
3. Other transactions initiated off the floor—		
Total purchases	158,280	
Short sales	12,500	
‡Other sales	140,961	
Total sales	153,461	3.51
4. Total—		
Total purchases	828,720	
Short sales	83,010	
‡Other sales	697,951	
Total sales	780,961	18.12

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED JULY 10, 1943

	Total for Week 7-10-43	†Per Cent
A. Total Round-Lot Sales:		
Short sales	11,330	
‡Other sales	1,471,845	
Total sales	1,483,175	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	115,345	
Short sales	7,270	
‡Other sales	119,375	
Total sales	126,645	8.16
2. Other transactions initiated on the floor—		
Total purchases	50,320	
Short sales	1,800	
‡Other sales	49,250	
Total sales	51,050	3.42
3. Other transactions initiated off the floor—		
Total purchases	32,095	
Short sales	---	
‡Other sales	48,055	
Total sales	48,055	2.70
4. Total—		
Total purchases	197,760	
Short sales	9,070	
‡Other sales	216,680	
Total sales	225,750	14.28
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	---	
§Customers' other sales	51,883	
Total purchases	51,883	
Total sales	43,063	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Civil Engineering Construction $48,969,000 For Week

Civil engineering construction in continental U. S. totals $48,969,000 for the week. This volume, not including the construction by military combat engineers, American contracts outside the country, and shipbuilding, is 53% below a week ago and 67% below the corresponding 1942 week, as reported by "Engineering News-Record" on July 22, and which added:

Private construction is 63% below last week and 54% below the 1942 week. Public construction is 51% below last week and 67% below the same week last year. Federal construction at $36,917,000 compares with $84,425,000 a week ago and $128,487,000 a year ago.

The current week's construction brings 1943 volume to $2,021,386,000, an average of $69,703,000 for each of the 29 weeks. On the weekly average basis, 1943 construction is 63% below the $5,847,020,000 for the 30-week period last year. Private construction, $248,981,000, is 34% lower than last year, and public work, $1,772,405,000, is down 66% when adjusted for the difference in the number of weeks.

Civil engineering construction volumes for the 1942 week, last week, and the current week are:

	July 23 1942 (five days)	July 15, 1943 (five days)	July 22, 1943 (five days)
Total U. S. Construction	$148,171,000	$104,015,000	$48,969,000
Private Construction	10,967,000	13,484,000	5,055,000
Public Construction	137,204,000	90,531,000	43,914,000
State and Municipal	8,717,000	5,106,000	6,997,000
Federal	128,487,000	85,425,000	36,917,000

In the classified construction groups, gains over a week ago are in commercial and industrial buildings. Waterworks and earthwork and drainage show a slight gain over last year. Sub-totals for the week in each class of construction are: waterworks, $1,473,000; sewerage, $765,000; bridges, $33,000; industrial buildings, $1,804,000; commercial buildings and large-scale private housing, $3,166,000; public buildings, $20,844,000; earthwork and drainage, $508,000; streets and roads, $6,610,000; and unclassified construction, $13,381,000.

New capital for construction purposes for the week totals $2,219,000 and is made up entirely of state and municipal bonds.

New construction financing for the 29 weeks of 1943, $2,920,234,000, compares with $9,493,390,000 for the 30-week period in 1942.

National Fertilizer Association Commodity Price Index Unchanged

The weekly wholesale commodity price index compiled by The National Fertilizer Association and made public on July 26 was unchanged last week. This index, in the week ended July 24, 1943, stood at 134.6% of the 1935-1939 average, the same as in the preceding week. It registered 135.0 a month ago and 129.3 a year ago. The Association's report added:

Substantial advances in some livestock and some grain prices were sufficient to counter-balance declines in other items, with the result that the all-commodity index remained at the same level as in the preceding week. In the farm product group four items advanced and five declined. Higher quotations for hogs and wheat more than offset declines in cotton and other grains. In the food group a lower price for potatoes caused a fractional decline in this index number. The textile index was fractionally lower this week due to the falling quotations for cotton. No other group in the all-commodity index registered any change from last week.

During the week changes in the index were quite evenly balanced with six declines and five advances; in the preceding week there were seven declines and five advances; and in the second preceding week there were seven declines and five advances.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week July 24, 1943	Preceding Week July 17, 1943	Month Ago June 26, 1943	Year Ago July 25, 1942
25.3	Foods	137.8	138.0	138.8	127.6
	Fats and Oils	145.1	145.1	145.1	139.1
	Cottonseed Oil	159.0	159.0	159.0	159.6
23.0	Farm Products	152.3	152.3	152.4	137.1
	Cotton	198.1	†199.8	200.1	181.2
	Grains	144.5	145.7	142.5	111.4
	Livestock	146.2	145.6	146.6	135.4
17.3	Fuels	122.8	122.8	122.8	125.4
10.8	Miscellaneous commodities	130.1	130.1	130.1	127.5
8.2	Textiles	150.9	151.2	151.2	147.8
7.1	Metals	104.4	104.4	104.4	104.4
6.1	Building materials	152.6	152.6	152.6	151.6
1.3	Chemicals and drugs	126.6	126.6	126.6	120.7
.3	Fertilizer materials	117.7	117.7	117.7	117.9
.3	Fertilizers	119.8	119.8	119.8	115.3
.3	Farm machinery	104.1	104.1	104.1	104.1
100.0	All groups combined	134.6	†134.6	135.0	129.3

*Indexes on 1926-1928 base were July 24, 1943, 104.9; July 17, 104.9; and July 25, 1942, 100.7. †Corrected.

Non-Ferrous Metals — Army To Release Men For Metal Mining — Electrolytic Tinplate Used

Editor's Note.—At the direction of the Office of Censorship certain production and shipment figures and other data have been omitted for the duration of the war.

"E. & M. J. Metal and Mineral Markets," in its issue of July 22, stated: "Release of 4,500 skilled miners from the Army for work in copper, zinc, and molybdenum bines was authorized July 20 by the direction of the Office of War Mobilization. The men will be released only for work in mines of highest productivity located in areas of critical labor shortage, Robert B. Patterson, Acting Secretary of War, declared in a statement issued to the press. Market developments were few last week. WPB has asked canners to shift to electrolytic tin to conserve supplies. Conservation of cadmium was ordered, which points to some new war uses for the metal. "The publication further went on to say:

Copper

Activity in copper last week centered in clearing allocation certificates for August metal. Tonnages to be shipped during the next month will come up to the average of recent months, indicating that there has been no slackening in the rate of consumption for the war program. Improved shipping conditions in connection with moving foreign copper into the United States have been noted.

Lead

Sales of common lead for the last week were a little over one-half those in the week previous. Demand for lead has been active this month, and Jury shipments are expected to be above the average for the year to date. Call for August metal also has been good, with consumers about 45% covered. Quotations continued on the basis of 6.50c., New York, and 6.35c., St. Louis.

Zinc

Producers of zinc expect to learn early next week about the extent to which the metal will be allocated for August. With civilian consumption tightly controlled, the war reserve in zinc continues to increase moderately from month to month. However, officials in Washington believe that the stockpile is not excessive under prevailing conditions. High Grade zinc is being stored at several ordnance plants.

Cadmium

The Conservation Division of WPB announced on July 20 a further effort to conserve available supplies of cadmium for war purposes. The supply situation at present is not tight, the trade believes, but it is possible that WPB has some prospective uses in mind in issuing the latest warning to consumers. The price of cadmium in commercial shapes has been maintained at 90c. a pound since March 7, 1941.

Tin

WPB has amended order M-81 to the extent that manufacturers of cans have been asked to employ electrolytic tinplate after Sept. 30. A saving of approximately 6,000 tons of tin a year is expected to result from this development. The electrolytic coatting, according to WPB, provides adequate protection for many packs. It deep-draws, and solders satisfactorily. Within a few months the production of 0.50 lb. electrolytic tinplate is expected to reach a point where requirements can be met. The amendment also provides that 0.75 lb. electrolytic tin-plate be used in the manufacture of cans used for condensed and evaporated milk.

Quotations for tin continued unchanged. Straits quality tin for shipment was nominally as follows:

	July	August	Sept.
July 15	52.000	52.000	52.000
July 16	52.000	52.000	52.000
July 17	52.000	52.000	52.000
July 19	52.000	52.000	52.000
July 20	52.000	52.000	52.000
July 21	52.000	52.000	52.000

Chinese, or 99% tin, continues at 51.125c a pound.

Arsenic

The principal civilian allocation of arsenic for the third quarter of 1943 was in the field of agricultural insecticides, WPB reports. Allocations were made to insecticide manufacturers based on their average consumption for the years 1941 and 1942. With the third quarter allocations, amounts granted to date equal approximately 89% of the base period consumption. No arsenic was allocated for railroad weedkiller or wood preservation. The glass industry continues to be denied allocations of arsenic with the few exceptions for special types of precision glass for military uses.

Chrome Ore

Buyers of chrome ore may be charged transportation from ship unloading docks to user's plants in basing point cities, OPA ruled last week. However, the transportation change from dock to plant may not exceed switching charges from dock to plant.

Quicksilver

The supply situation in quicksilver is generally regarded as satisfactory. Western Hemisphere production is known to be large, and most of the output is available for domestic consumption. Consumers report that offerings have increased. Quotations in New York continued at $196 and $198 per flask.

Turkey produced 222 flasks of quicksilver during the first half of 1942, according to London advices.

Silver

Demand for silver is substantial and consumers are counting on obtaining extra supplies to be released from the Treasury's "free" stocks. Use of silver for monetary purposes abroad is increasing.

The London price continued at 23½d. throughout the week. The New York Official held at 44¾c an ounce.

Daily Prices

The daily prices of electroyltic copper (domestic and export, refinery), lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" of July 31, 1942, page 380.

Revenue Freight Car Loadings During Week Ended July 17, 1943 Increased 68,700 Cars

Loading of revenue freight for the week ended July 17, 1943 totaled 877,330 cars, the Association of American Railroads annuonced on July 22. This was an increase above the corresponding week of 1942 of 20,184 cars, or 2.4%, but a decrease below the same week in 1941, of 22,040 cars or 2.5%.

Loading of revenue freight for the week of July 17, increased 68,700 cars, or 8.5% above the preceding week.

Miscellaneous freight loading totaled 378,156 cars, an increase of 29,353 cars above the preceding week, but a decrease of 7,660 cars below the corresponding week in 1942.

Loading of merchandise less than carload lot freight totaled 97,840 cars, an increase of 8,266 cars above the preceding week and an increase of 10,473 cars above the corresponding week in 1942.

Coal loading amounted to 176,249 cars, an increase of 11,446 cars above the preceding week, and in increase of 12,619 cars above the corresponding week in 1942.

Grain and grain products loading totaled 62,504 cars, an increase of 7,695 cars above the preceding week, and an increase of 10,898 cars above the corresponding week in 1942. In the Western Districts alone, grain and grain products loading for the week of July 17, totaled 47,763 cars, an increase of 4,771 cars above the preceding week and an increase of 12,356 cars above the corresponding week in 1942.

Live stock loading amounted to 13,941 cars, an increase of 2,791 cars above the preceding week and an increase of 4,371 cars above the corresponding week in 1942. In the Western District alone, loading of live stock for the week of July 17, totaled 9,721 cars, an increase of 2,032 cars above the preceding week, and an increase of 3,192 cars above the corresponding week in 1942.

Forest products loading totaled 46,249 cars, an increase of 9,023 cars above the preceding week but a decrease of 7,244 cars below the coresponding week in 1942.

Ore loading amounted to 89,671 cars, an increase of 362 cars above the preceding week but a decrease of 2,578 cars below the corresponding week in 1942.

Coke loading amounted to 12,720 cars, a decrease of 236 cars below the preceding week, and a decrease of 695 cars below the corresponding week in 1942.

All districts reported increases compared with the corresponding week in 1942, except Allegheny and Southern but all districts reported decreases compared with 1941 except the Centralwestern & Southwestern.

	1943	1942	1941
5 weeks of January	3,530,849	3,858,479	3,454,409
4 weeks of February	3,055,640	3,122,942	2,866,565
4 weeks of March	3,073,426	3,174,781	3,066,011
4 weeks of April	3,136,253	3.350,996	2,793.630
5 weeks of May	4,149,708	4,170,548	4,160,060
4 weeks of June	3,151,146	3,385,655	3,510,057
Week of July 3	852,106	753,740	740,359
Week of July 10	808,630	855,158	876,142
Week of July 17	877,330	857,146	899,370
Total	21,635,088	23,529,445	22,366,603

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended July 17, 1943. During this period 70 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS)—WEEK ENDED JULY 17

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
Eastern District—	1943	1942	1941	1943	1942
Ann Arbor	193	393	627	1,642	1,148
Bangor & Aroostook	1,007	1,206	1,168	271	162
Boston & Maine	6,180	6,011	8,971	12,957	13,23[illegible]
Chicago, Indianapolis & Louisville	1,393	1,512	1,669	2,124	1,982
Central Indiana	26	23	74	40	69
Central Vermont	1,030	984	1,513	2,437	2,517
Delaware & Hudson	6,723	6,529	7,397	11,988	11,030
Delaware, Lackawanna & Western	8,081	7,522	10,392	13,369	9,627
Detroit & Mackinac	173	260	374	129	96
Detroit, Toledo & Ironton	1,880	1,758	2,773	1,378	1,245
Detroit & Toledo Shore Line	319	287	359	2,570	2,922
Erie	13,419	12,895	16,704	17,395	15,308
Grand Trunk Western	3,598	3,716	6,412	8,114	8,205
Lehigh & Hudson River	170	167	159	2,679	3,106
Lehigh & New England	2,299	2,218	2,664	1,632	2,065
Lehigh Valley	9,258	8,780	10,253	16,247	12,979
Maine Central	2,506	2,305	3,128	2,366	2,434
Monongahela	5,852	6,223	6,372	310	288
Montour	2,458	2,315	2,466	146	28
New York Central Lines	55,490	47,122	54,308	55,482	55,339
N. Y., N. H. & Hartford	9,427	9,591	12,207	18,782	19,031
New York, Ontario & Western	1,438	1,075	1,277	2,548	2,627
New York, Chicago & St. Louis	6,351	6,993	7,819	15,831	16,287
N. Y., Susquehanna & Western	543	377	484	2,396	1,490
Pittsburgh & Lake Erie	7,221	7,897	8,940	8,977	9,305
Pere Marquette	4,919	4,986	6,776	8,014	5,673
Pittsburg & Shawmut	1,008	805	780	29	29
Pittsburg, Shawmut & North	376	395	424	263	294
Pittsburgh & West Virginia	1,252	1,217	1,144	3,751	3,057
Rutland	322	345	551	985	1,055
Wabash	5,837	5,842	7,009	13,280	12,469
Wheeling & Lake Erie	5,419	5,679	5,757	5,086	4,651
Total	166,168	157,428	190,951	233,218	219,757
Allegheny District—					
Akron, Canton & Youngstown	709	754	794	1,034	1,072
Baltimore & Ohio	42,068	41,694	43,914	31,145	25,136
Bessemer & Lake Erie	6,354	6,870	6,599	1,832	2,496
Buffalo Creek & Gauley	278	281	323	3	2
Cambria & Indiana	1,907	1,950	1,952	3	15
Central R. R. of New Jersey	7,111	7,164	8,226	22,463	19,185
Cornwall	658	643	652	37	48
Cumberland & Pennsylvania	248	270	309	13	12
Ligonier Valley	146	135	122	44	52
Long Island	1,182	921	731	3,622	3.272
Penn-Reading Seashore Lines	1,680	1,547	1,702	2,780	2,425
Pennsylvania System	86,181	84,538	91,150	69,316	64,911
Reading Co.	14,753	14,183	17,845	26,799	27,673
Union (Pittsburgh)	17,201	21,024	20,442	8,498	7,779
Western Maryland	4,712	3,922	4,211	12,348	12,132
Total	185,188	185,896	198,972	179,937	166,210
Pocahontas District—					
Chesapeake & Ohio	30,298	28,026	28,979	14,192	13,634
Norfolk & Western	22,523	23.455	25,025	7,418	6,370
Virginian	4,949	4,568	5,463	2,232	1,961
Total	57,770	56,049	59,467	23,842	21,965
Southern District—					
Alabama, Tennessee & Northern	358	349	346	294	377
Atl. & W. P.—W. R. R. of Ala.	630	849	909	2,789	2,820
Atlanta, Birmingham & Coast	906	1,044	1,033	1,112	1,085
Atlantic Coast Line	11,010	10,542	9,081	9,646	8,870
Central of Georgia	4,077	4,207	4,658	3,928	4,368
Charleston & Western Carolina	536	423	424	1,744	1,614
Clinchfield	1,697	1,634	1,639	2,614	2,751
Columbus & Greenville	261	228	306	142	256
Durham & Southern	107	143	184	531	855
Florida East Coast	1,371	790	391	1,661	1,221
Gainesville Midland	41	39	31	62	148
Georgia	1,125	1,191	1,218	3,204	2,572
Georgia & Florida	344	330	395	450	414
Gulf, Mobile & Ohio	3,418	4,075	3,836	4,067	4,651
Illinois Central System	25,822	26,554	25,879	18,882	16,877
Louisville & Nashville	25,564	25,665	26,326	11,525	10,602
Macon, Dublin & Savannah	312	261	240	676	700
Mississippi Central	285	186	202	513	541
Nashville, Chattanooga & St. L.	2,855	3,301	3,383	4,445	4,379
Norfolk Southern	1,807	1,300	1,412	1,298	1,690
Piedmont Northern	357	321	453	1,139	1,188
Richmond, Fred. & Potomac	416	533	469	9,724	8,991
Seaboard Air Line	9,988	10,196	9,578	7,699	8,094
Southern System	21,728	23,348	23,721	23,381	23,120
Tennessee Central	547	614	545	758	851
Winston-Salem Southbound	101	86	150	844	840
Total	115,663	118,409	116,807	113,128	109,875
Northwestern District—					
Chicago & North Western	22,507	21,567	22,772	13,991	12,571
Chicago Great Western	2,669	2,140	2,960	2,990	3,109
Chicago, Milw., St. P. & Pac.	21,188	19,260	23,802	11,022	9,716
Chicago, St. Paul, Minn. & Omaha	4,109	3,269	3,888	3,802	2,917
Duluth, Missabe & Iron Range	31,875	30,150	26,264	350	445
Duluth, South Shore & Atlantic	983	1,286	1,333	588	601
Elgin, Joliet & Eastern	8,612	9,061	10,855	11,266	10.335
Ft. Dodge, Des Moines & South	478	527	546	80	121
Great Northern	26,044	27,583	27,000	5,182	5,107
Green Bay & Western	368	485	578	996	773
Lake Superior & Ishpeming	2,496	2,751	3,478	34	67
Minneapolis & St. Louis	2,091	2,152	2,312	2,057	2,144
Minn., St. Paul & S. S. M.	7,526	7,339	8,188	2,950	3,250
Spokane International	11,478	11,544	11,558	4,729	5,039
Northern Pacific	116	189	302	493	613
Spokane, Portland & Seattle	2,681	2,679	2,665	4,009	2,742
Total	145,221	141,982	148,501	64,539	59,560
Central Western District—					
Atch., Top. & Santa Fe System	23,984	26,308	25,624	11,062	11,514
Alton	3,366	3,643	3,916	4,382	4,320
Bingham & Garfield	405	731	709	98	139
Chicago, Burlington & Quincy	21,027	17,601	19,722	12,098	10,272
Chicago & Illinois Midland	3,196	2,305	2,515	753	847
Chicago, Rock Island & Pacific	13,662	13,330	14,124	12,178	11,686
Chicago & Eastern Illinois	2,477	2,389	2,995	5,308	4,212
Colorado & Southern	782	705	773	1,699	1,672
Denver & Rio Grande Western	3,497	3,330	3,074	5,909	5,379
Denver & Salt Lake	768	664	636	14	23
Fort Worth & Denver City	1,208	1,091	1,459	1,843	1,393
Illinois Terminal	1,845	1,639	2,061	1,787	2,572
Missouri-Illinois	1,106	1,008	1,135	438	366
Nevada Northern	2,090	2,043	2,005	129	150
North Western Pacific	988	1,162	980	724	579
Peoria & Pekin Union	8	28	28	---	---
Southern Pacific (Pacific)	33,985	31,785	30,118	13,294	9,417
Toledo, Peoria & Western	384	227	410	1,629	1,321
Union Pacific System	15,629	15,208	16,058	16,854	13,804
Utah	600	600	273	4	11
Western Pacific	2,164	2,078	1,798	4,386	2,750
Total	133,171	127,875	130,413	94,589	82,428
Southwestern District—					
Burlington-Rock Island	541	273	160	243	191
Gulf Coast Lines	5,177	4,240	2,609	2,512	2,094
International-Great Northern	2,247	2,424	1,939	3,223	2,687
Kansas, Oklahoma & Gulf	267	393	235	1,173	782
Kansas City Southern	5,893	5,650	2,586	2,899	2,855
Louisiana & Arkansas	3,860	4,361	2,107	3,271	2,248
Litchfield & Madison	403	287	347	1,454	1,283
Midland Valley	769	701	561	267	197
Missouri & Arkansas	289	158	173	387	451
Missouri-Kansas-Texas Lines	5,717	5,147	4,710	5,660	4,458
Missouri Pacific	18,761	17,153	16,823	18,397	17,559
Quanah Acme & Pacific	60	102	179	223	261
St. Louis-San Francisco	9,045	9,059	9,061	9,869	7,749
St. Louis Southwestern	2,746	2,593	2,419	7,165	7,059
Texas & New Orleans	13,247	11,517	6,642	5,389	5,178
Texas & Pacific	4,991	5,261	3,536	6,203	7,177
Wichita Falls & Southern	110	134	156	42	32
Weatherford M. W. & N. W.	26	54	16	24	32
Total	74,149	69,507	54,259	68,401	62,293

Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1943—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity	
				Current	Cumulative
Apr. 3	172,412	153,030	511,220	95	90
Apr. 10	153,260	153,006	510,784	95	91
Apr. 17	164,805	152,494	515,700	96	92
Apr. 24	159,231	155,163	517,473	97	92
May 1	147,212	135,924	525,287	89	92
May 8	165,871	153,934	522,336	96	92
May 15	177,968	151,653	561,571	96	93
May 22	142,673	152,960	548,911	96	93
May 29	151,308	150,504	545,673	95	93
Jun. 5	168,051	141,337	565,291	92	93
Jun. 12	172,437	149,675	586,183	97	93
Jun. 19	136,166	142,865	561,945	95	93
Jun. 26	133,808	145,324	547,301	96	93
July 3	179,835	144,232	580,683	92	93
July 10	111,912	100,115	573,342	69	93
July 17	151,993	140,803	587,181	91	93

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on July 24 a summary for the week ended July 17 of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended July 17, 1943

	Total for Week
Odd-Lot Sales by Dealers: (Customers' purchases)	
Number of Orders	24,372
Number of Shares	702,097
Dollar Value	26,582,920
Odd-Lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Customers' short sales	170
*Customers' other sales	24,657
Customers' total sales	24,827
Number of Shares:	
Customers' short sales	4,985
*Customers' other sales	655,167
Customers' total sales	660,152
Dollar Value	21,415,757
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	110
†Other sales	165,890
Total sales	166,000
Round-Lot Purchases by Dealers—	
Number of shares	213,090

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Lumber Movement—Week Ended July 17, 1943.

According to the National Lumber Manufacturers Association lumber shipments of 467 mills reporting to the National Lumber Trade Barometer were 0.8% below production for the week ended July 17, 1943. In the same week new orders of these mills were 0.3% less than production. Unfilled order files in the reporting mills amounted to 110% of stocks. For reporting softwood mills, unfilled orders are equivalent to 42 days' production at the current rate, and gross stocks are equivalent to 35 days' production.

For the year to date, shipments of reporting identical mills exceeded production by 10.7%; orders by 14.1%.

Compared to the average corresponding week of 1935-39 production of reporting mills was 28.8% greater; shipments were 38.0% greater; and orders were 33.8% greater.

(Due to a typographical error, lumber shipments of 467 mills reporting for the holiday week ended July 10, 1943 were given in last week's "Chronicle" as 9.1% below production. This should have been reported as 0.1%.—Ed.)

Food And Hide Missions Visit South America

A joint Anglo-American group of food experts is reported to have gone to Argentina to explore both her present and potential value as a source of dairy products for United Nations consumption.

It is also reported that another joint Anglo-American mission has gone to South America to study ways and means of increasing imports of hides and skins to enable manufacturers to meet both military and civilian demands for shoes and other garments. This mission plans to tour Argentina, Brazil, Colombia and Uruguay.

Items About Banks, Trust Companies

S. Sloan Colt, President of Bankers Trust Company of New York, announced on July 20 that Robert B. Hobbs was elected Assistant Vice-President at a meeting of the Board of Directors held that day. Mr. Hobbs recently resigned as Special Assistant to the Secretary of the Treasury in Washington. In the Treasury Department he was Assistant to the Director of the Victory Fund Committee throughout the country in connection with the war financing program. Prior to going to Washington Mr. Hobbs was a partner in the investment banking firm of W. W. Lanahan & Company of Baltimore, which has since been merged with Alexander Brown & Sons. He was a Governor of the Investment Bankers Association and a director of a number of industrial companies and foundations. Mr. Hobbs graduated from the University of Virginia in the class of 1926.

Judge John Clark Knox, Senior Judge of the United States District Court for the Southern District of New York, was elected a Trustee of the Union Dime Savings Bank of New York on July 21, according to an announcement made by William L. DeBost, President of the bank. Judge Knox attended public school in his home town, Waynesburg, Greene County, Pa., and was graduated from Waynesburg College, cum laude, in 1902. He then entered the University of Pennsylvania Law School, and upon completion of one year's work took the bar examinations in his county and was admitted to the bar. In 1905 he came to New York, where he was associated with the Title Guarantee and Trust Co. until 1913, when he was appointed an Assistant United States Attorney for the Southern District of New York. Shortly thereafter he was made Chief Assistant United States Attorney and had charge—prior to and after our entrance into the war—of all prosecutions having to do with alien activities within the Southern District of New York. In March of 1918, President Wilson appointed him a District Judge for the Southern District of New York, of which court he is now the Senior Judge.

During his judicial career he has had charge of numerous civil cases of great importance, and in his judicial capacity has participated in the reorganization of some of the largest corporations in this vicinity. In 1919 the University of Pennsylvania gave him an LL.M. degree, and in 1937 Columbia University conferred upon him a degree of LL. D.

President DeBost also announced that at the meeting of the Board of Trustees of the bank on July 21 John M. Robert and Ross D. Hill were elected Assistant Secretaries of the bank. Mr. Robert was employed by the Union Dime Savings Bank in 1916 as a clerk in the Bookkeeping and New Account Departments. He has progressed through all positions of the banking department, and in 1931 helped install the unit system. Since then he has been in charge of operations on the banking floor. Under his supervision a special payroll savings department was organized recently for servicing War Bond Accounts opened by employees of more than 300 companies in the neighborhood of the bank. Mr. Hill became associated with the bank in 1929 after several years in Wall Street with a brokerage firm. He was a clerk and later a teller in the banking department, and in 1933 was transferred to the real estate and mortgage department. With his election as an Assistant Secretary, he is second in charge in that department and assistant to the comptroller, who is in charge of the department. In 1941-42 Mr. Hill was a member of the joint committees on municipal legislation of Groups IV and V of the Savings Banks Association of New York State. He is now serving on the payroll committee of the Realty Advisory Board on Labor Relations.

Manufacturers Trust Company of New York announces that James W. Farrell, General Attorney for the Bell Telephone Laboratories, which provide scientific research and development for the Bell System, has been elected to the Advisory Board of the Bank's Office at Eighth Avenue, corner 14th Street, New York. Mr. Farrell fills the vacancy on the board caused by the resignation of R. F. Newcomb, formerly Treasurer of the Bell Telephone Laboratories, who retired on July 1, after 42 years of service with the company.

The New York State Banking Department announces the appointment of a supervisor and special deputy superintendents to assist in the liquidation of the business and property of all foreign banking corporations, including the New York agencies thereof, in the possession of the Superintendent of Banks. Edward Feldman has been named supervisor and attorney for liquidations and Arthur D. Rooney, Jr., Benjamin Hinerfeld, Charles R. Murray and Bernard J. Hirschfeld have been appointed Special Deputy Superintendents of Banks.

The banking organizations affected, all New York City agencies, are Bank of Chosen; Bank of Taiwan, Ltd.; Mitsubishi Bank, Ltd.; Mitsui Bank, Ltd.; Sumitomo Bank, Ltd.; Yokohama Specie Bank, Ltd.; Banca Commerciale Italiana; Banco Di Napoli, Banco Di Roma, Credito Italiano, Banco Di Napoli Trust Co. of New York, and Banco Di Napoli Safe Deposit Co. These bank agencies were taken over in December, 1941.

The County Trust Co. of White Plains, N. Y., has been given approval by the State Banking Department to change the location of a branch office from 26 Wheeler Avenue, Pleasantville, to the southeast corner of Wheeler Avenue and Bedford Road. This approval was given incident to the purchase of assets and assumption of deposit liabilities of the First National Bank of Pleasantville, which is situated at the proposed location. Filing of this application was noted in our issue of July 1, page 40.

George W. Scott, Vice-President of the National Bank of Auburn, Auburn, N. Y., died on July 17.

Adelbert R. Root has been elected Vice-President of the Glens Falls (N. Y.) National Bank & Trust Co. Mr. Root was formerly cashier and is succeeded in the latter position by Joseph F. Chambers.

The State Savings Bank, Hartford, Conn., observed on July 24 the eighty-fifth anniversary of its founding. At the close of its first day of business the savings bank had $540 in deposits and six depositors, while today the institution's deposits total $17,430,944 and depositors number 18,742. Charles A. Goodwin recently completed his twenty-fifth year as President of the bank. The following regarding its history was reported in the Hartford "Courant" of July 25:

Under the guidance of its six presidents, State Savings Bank has maintained the enviable record of never missing a dividend since the first payment to depositors was made, as of Nov. 1, 1858. Of these half dozen men, Mr. Goodwin, the present incumbent and a grandson of one of the original incorporators, has had the longest tenure.

After Chester Adams, the first president, retired in 1869, the post was successively held by Thomas Belknap, from 1870 to 1878; Gustavus F. Davis, until 1895; Samuel Taylor, until 1908; and Charles E. Billings until 1918.

Prior to his election as President, Mr. Goodwin was named a trustee in 1905, and still holds this position.

Other officers of the State Savings Bank, second oldest and third largest of Hartford's savings institutions, are Charles G. Woodward, Vice-President; Ralph W. Chapin, Secretary and Treasurer; John Q. Goodrich, named Assistant Secretary and Assistant Treasurer at the annual meeting last week, George S. McKinney and Lela M. Wiley, Assistant Secretaries.

Alexander Calder, President of the Union Bag & Paper Corp., has been elected a Director of the National State Bank of Newark.

A proposed increase in the capital stock of the Potter Title and Trust Co., of Pittsburgh, Pa., will be voted on by stockholders at a special meeting on Aug. 17. The capital stock of the company now amounts to $815,000, represented by 34,000 preferred shares of the par value $20 each and 25,000 common shares of the par value of $5 each, and it is proposed to increase it to $940,000 by raising the number of $5 common shares to 50,000. An increase in the number of preferred shares from 34,500 to 138,000 and changing the par value from $20 each to $5 each also is to be considered.

Horatio L. Whitridge, of Mackubin, Legg & Co., was recently elected a Director of the Mercantile Trust Co. of Baltimore.

The First National Bank of Cincinnati recently observed its eightieth anniversary, having been chartered on July 13, 1863, with capital of $1,000,000. The bank now is capitalized at $15,965,000. In the Cincinnati "Enquirer" of July 14, the following was reported:

The First National is the oldest active national bank in Ohio operating under original charter and the eighth oldest active national bank in the country.

Although the institution came into existence in the difficult days when the threat of Morgan's raiders put Cincinnati under martial law, the bank has maintained an unbroken record of dividends and has paid bonuses to employees in 79 of the 80 years.

During its long tenure, the First National has had only five Presidents. John W. Ellis was the first top executive, T. J. Davis, who now is President, has held the office since January, 1934. Other Presidents were L. B. Harrison, W. S. Rowe and J. J. Rowe.

During the Cleveland Administration the bank shipped $125,000 in gold to the Federal Treasury to assist in alleviating the crisis which threatened the gold standard at that time, Mr. Davis recalled.

The addition of Lt.-Col. W. E. Phillips to the Board of Directors of the Royal Bank of Canada, head office Montreal, was announced by the bank on July 20. Col. Phillips is now serving as President of the Research Enterprises Limited, a Crown company engaged in war work manufacturing optical glass and lenses. In private industry, Col. Phillips is President of Duplate Safety Glass Co. of Canada, Ltd., and Fiberglass Canada, Ltd. He also heads Duplate Tool & Die, Ltd., and Duplate (Windsor), Ltd., and is a director of Massey-Harris Co., Ltd., Steep Rock Iron Mines, Ltd., and the Trusts and Guarantee Co., Ltd.

Following the monthly board meeting of Citizens National Trust & Savings Bank of Los Angeles, held July 20, President H. D. Ivey announced the election of Ernest E. Duque and William S. Rosecrans as directors of the bank, who will fill the vacancies left in board ranks by the recent passing of two members, George W. Walker and Carl P. Smith. Mr. Duque is President of the California Portland Cement Co., having been associated with that organization since 1915, and is a native of Los Angeles. He was a member of the Board of Park Commissioners for several years, and served as a director of the Los Angeles Chamber of Commerce and Chairman of its transportation committee from 1936 to 1940. His father, Tomas L. Duque, was one of the outstanding pioneer bankers of Los Angeles and a leader of the city's financial and commercial life.

William S. Rosecrans is also a native of Los Angeles and a member of one of its pioneer families. He is president of W. S. Rosecrans, Inc., and Rosecrans Properties, Inc., and formerly served as Chairman of the Board of directors of the Los Angeles Branch of the Federal Reserve Bank of San Francisco. He has been a leading figure in the Los Angeles Chamber of Commerce for many years, serving as Vice-President in 1937 and President in 1938, and is now on the board. He is also a director of the Chamber of Commerce of the United States.

Mtg. Bankers Present Slate For Officers

L. E. Mahan of St. Louis, has been nominated for Vice President of the Mortgage Bankers Association of America for the 1943-44 term, to head the official slate of officers with Herold G. Woodruff of Detroit, whose nomination for President was announced in June. Mr. Mahan's nomination, along with those for seven regional Vice-Presidents and eight Governors, were announced on July 24 by the nominating committee headed by Frederick P. Champ, Logan, Utah.

Nominations for regional Vice-Presidents, who will be voted on at the annual meeting in Chicago Sept. 23, 24 and 25, include: Eastern Area, George B. Underwood. Irvington, N. J.; Northeast Central Area, Edward F. Lambrecht, Detroit; Northwest Central Area, Ward J. Gauntlett, Chicago; South Central Area, R. O. Deming, Jr., Oswego, Kan.; Southeast Area, J. C. McGee, Jackson, Miss.; Rocky Mountain Area, C. W. Mead, Omaha; and Pacific Area, W. Robert McMurray, Portland, Ore.

Those nominated for Governors for terms expiring in 1947 include: Allyn R. Cline, Houston; C. Armel Nutter, Camden, N. J.; Hugo Porth, Milwaukee; Aksel Neilsen, Denver; Norman R. Lloyd, Cleveland; Wallace Moir, Los Angeles; and G. Calvert Bowie, Washington, D. C. C. P. Kennedy of Cincinnati, Ohio, was nominated for a term expiring next year.

Mr. Mahan has been a member of the Association since 1924 and heads his own mortgage banking firm in St. Louis. During the last war, he was in charge of all real estate and mortgages taken over under the Trading with the Enemy Act. He was the principal founder of the Legion of Mortgage Bankers, an affiliate of the Mortgage Bankers Association.

All nominations will be submitted to M. B. A. members at their annual business meeting in Chicago on Sept. 24. Nomination, through official channels, has always been tantamount to election. Nomination of Mr. Woodruff as President of the Association was reported in these columns June 24, page 2382.

Mortgage Investments

(Continued from first page)

compelled, by timid and shortsighted directors, to force foreclosures. As a result, much real estate can be purchased at 30% to 40% of the assessed values, and, of course, at less than the mortgage. I am inclined to now wonder if these bank directors may not now be as wrong in their judge of mortgages as they were in their judge of railroad bonds when they sold them at all-time low prices.

There is no reason why both the real estate market and the mortgage market should not have their ups and downs like stock prices, commodity prices and even employment. In fact, when employment and wages are at an all-time high—as at present—it is a sure bet that the tide will turn and run out sometime after World War II. Hence, those who now quit peacetime jobs, just to get more money at war jobs, are making a big mistake. Those who are now taking losses on mortgages may be making similar mistakes!

What About Inflation

Recently the U. S. Treasury stated it spent $78,000,000,000 during the fiscal year ending June 30, 1943. This is ten times what it spends in peacetime. Two-thirds of this ($56,000,000,000) has been paid for by printing government bonds. This is little different from printing "green backs." This great inflation of the currency should surely make it easier for people to pay off mortgages during the few good years following the War if they will have sense enough to do so. In the meantime, new houses and new office buildings are not being built, except for war needs.

This coming inflation is, however, not a reason for investors to take on more mortgages. I had much rather now invest in good stocks or in producing, well maintained real estate. Banks, however, cannot now buy stocks or real estate as an investment. They are confined to mortgages, bonds and commercial paper. Under these conditions I feel that—as a rule—it is a mistake for banks to take losses on mortgages at this time. But, **banks should remember that currency inflation usually makes it easier for borrowers to pay the interest and principal of mortgages now outstanding.**

The Temptation to Speculate

I never borrowed a dollar in my life and usually confine my investments to good bonds and fire insurance stocks. I, however, was severely tempted to take a little "flyer" last week. I was offered part of the equity of $3,500,000 in one of the best office buildings in Boston for less than two cents on the dollar! The land and building cost over $6,000,000 and is assessed for about $4,000,000. It has a first mortgage on it for less than $2,000,000. Yet, the property was being offered, subject to this mortgage, on the basis of only $50,000—a shrinkage of 98% of what the original stockholders paid. It is true a person might lose all he puts into such a purchase even on this much-deflated basis. I recognized it as a rank speculation. But I cannot forget what my Father used to preach to me here at Gloucester about the business wheels continually revolving.

In most of the large cities of this country similar opportunities for profit, or loss, exist. It is impossible for me to give any advice applicable to any individual properties or cities, but this much I will say: Many mortgages which are now looked upon as of little value will be paid in full when inflation gets going at high speed. Foolish are those who needlessly sacrifice mortgages or real estate at this time unless the money is immediately re-invested in properly selected stocks which are reasonably sure to double or triple in value.